(As filed on March 31, 2004)

File No. 70-[_____]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM U-1

APPLICATION OR DECLARATION
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

AMEREN CORPORATION

AMEREN ENERGY FUELS AND SERVICES COMPANY
1901 Chouteau Avenue
St. Louis, Missouri 63103

ILLINOIS POWER COMPANY
500 South 27th Street
Decatur, Illinois 62521

(Names of companies filing this statement and
addresses of principal executive offices)

AMEREN CORPORATION

(Name of top registered holding company parent)

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Senior Vice President Governmental/Regulatory Policy,
General Counsel and Secretary
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ITEM 1. DESCRIPTION OF PROPOSED TRANSACTION.

1.1 Introduction. Ameren Corporation ("Ameren"), a Missouri corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"),/1/ whose principal business address is at 1901 Chouteau Avenue, St. Louis, Missouri 63103, Ameren Energy Fuels and Services Company ("Ameren Fuels"), an indirect wholly-owned non-utility subsidiary of Ameren, of the same address, and Illinois Power Company ("Illinois Power"), an electric and gas utility company operating in the State of Illinois, whose principal business address is at 500 South 27th Street, Decatur, Illinois, 62521, are filing this Application/Declaration pursuant to Sections 6(a), 7, 8, 9(a), 10, 11(b), 12(b), 12(f) and 13(b) of the Act and Rules 43, 45, 51, 54, 87 and 90-91 thereunder. Ameren, Ameren Fuels, and Illinois Power are herein referred to collectively as the "Applicants."

As described in greater detail below, upon receipt of all necessary regulatory approvals, Ameren will purchase all of the issued and outstanding common stock (the "Common Shares") of Illinois Power from Illinova Corporation ("Illinova"), an exempt holding company under Section 3 (a)(1) of the Act, which is itself a wholly-owned subsidiary of Dynegy Inc. ("Dynegy"),/2/ and the issued and outstanding shares of preferred stock of Illinois Power that are held by Illinova (the "Preferred Shares"), and the 20% interest in the common stock of Electric Energy, Inc. ("EEInc"), an "exempt wholesale generator" ("EWG") under
Section 32 of the Act, that is held by Illinova Generating Company ("IGC"),/3/ an indirect subsidiary of Dynegy (the "EEInc Shares," and together with the Common Shares and the Preferred Shares, the "Shares"), for an aggregate purchase price of $2,300,000,000, subject to certain adjustments as described below (the "Transaction"). Ameren intends to acquire and hold the Common Shares and Preferred Shares of Illinois Power directly, and to acquire the EEInc Shares through its non-utility subsidiary, Ameren Energy Resources Company ("Ameren Energy Resources"), pursuant to Section 32 of the Act. Illinois Power will also enter into a firm power purchase agreement (the "New PPA") with Dynegy Power Marketing, Inc. ("DYPM"), a power marketing affiliate of Dynegy, pursuant to which Illinois Power will purchase up to 2,800 MW of capacity and energy during the period 2005 - 2006, as well as certain other ancillary agreements.

The Transaction is subject to, among other usual and customary conditions precedent, receipt by the parties of required state and federal regulatory approvals and filing of pre-merger notification statements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"), and the expiration or termination of the statutory waiting period thereunder.

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1 See Ameren Corporation, Holding Co. Act Release No. 26809 (Dec. 30, 1997) (the "1997 Merger Order").

2 Dynegy claims an exemption under Section 3(a)(1) of the Act pursuant to Rule
2. See Statement on Form U-3A-2, filed February 27, 2004, in File No. 69-483. Illinova is an exempt holding company pursuant to an order issued under Section 3(a)(1) of the Act. See Illinova Corporation, Holding Co. Act Release No. 26054 (May 18, 1994).

3 IGC owns 12,400 shares of common stock of EEInc, $100 par value per share, representing 20% of the total number outstanding. EEInc is an EWG under Section 32 of the Act. See Electric Energy, Inc., 92 FERCP. 62,079 (2000).

(See Item 4 - Regulatory Approvals). The boards of directors of Ameren and Dynegy have approved the proposed Transaction. The Transaction does not require any approval by the shareholders of Ameren or Dynegy.

In addition to authorization of the Transaction, the Applicants are requesting authorization herein, once the Transaction closes, for: (i) Illinois Power to issue and sell from time to time from the closing of the Transaction through June 30, 2007 (the "Authorization Period") short-term debt securities, to become a participant in the Ameren System Utility Money Pool Arrangement ("Utility Money Pool"), to enter into interest rate hedging transactions, and to engage in certain other related transactions; (ii) Ameren to acquire, from time to time during the Authorization Period, outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power that are held by unaffiliated third parties in open market purchases, through invitations for tenders and/or through negotiated purchases; and (iii) Ameren Fuels to provide gas management services to Illinois Power pursuant to a fuel supply management agreement that is substantially identical to agreements between Ameren Fuels and Ameren's current public-utility subsidiaries.

1.2 Description of Ameren and Its Subsidiaries.

a. Ameren's Public-Utility Subsidiaries.

Ameren directly owns all of the issued and outstanding common stock of Union Electric Company d/b/a AmerenUE ("AmerenUE") and Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS") and indirectly through CILCORP Inc. ("CILCORP"), an intermediate holding company, owns all of the issued and outstanding common stock of Central Illinois Light Company d/b/a AmerenCILCO ("AmerenCILCO"). Together, AmerenUE, AmerenCIPS and AmerenCILCO provide retail and wholesale electric service to approximately 1.7 million customers and retail natural gas service to approximately 500,000 customers in a 49,000 square-mile area of Missouri and Illinois, including the St. Louis, Missouri and Peoria and Springfield, Illinois metropolitan areas.

In addition to the foregoing, AmerenCILCO owns all of the issued and outstanding common stock of AmerenEnergy Resources Generating Company (f/k/a Central Illinois Generation, Inc.) ("AERG"), a generating subsidiary company. AERG was formed by AmerenCILCO in November 2001 in order to facilitate the restructuring of AmerenCILCO in accordance with the Illinois Electric Service Customer Choice and Rate Relief Law of 1997 ("Customer Choice Law"). In October 2003, AmerenCILCO transferred substantially all of its generating assets representing in the aggregate approximately 1,130 megawatts (MW) of electric generating capacity to AERG./4/

As of December 31, 2003, AmerenUE, AmerenCILCO and AERG together owned and operated approximately 9,186 MW of electric generating capacity, all of which is located in Missouri and Illinois, and AmerenUE, AmerenCIPS and AmerenCILCO together owned approximately 5,433 circuit miles of primary electric

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4 AmerenCILCO retained ownership of approximately 36 MW (net summer capability) of generation capacity at three sites in Illinois.

transmission lines, substantially all of which are located in Missouri and Illinois./5/ In addition, as of December 31, 2003, AmerenUE, AmerenCIPS and AmerenCILCO owned and operated approximately 11,700 miles of natural gas transmission lines and distribution mains, all located in Missouri and Illinois, and leased or owned natural gas storage capacity providing a total of 468,000 MMBtu of storage deliverability to meet peak day requirements and total storage capacity of 28.85 billion cubic feet to meet winter season demand.

AmerenUE, AmerenCIPS and AmerenCILCO are subject to regulation by the Illinois Commerce Commission ("ICC"), and AmerenUE is also subject to regulation by the Missouri Public Service Commission ("MoPSC"), as to rates, service, issuance of equity securities, issuance of debt having a maturity of more than twelve months, mergers, affiliate transactions, and various other matters. AmerenUE, AmerenCIPS and AmerenCILCO are also subject to regulation by the Federal Energy Regulatory Commission ("FERC") as to rates and charges in connection with the wholesale sale of energy and transmission in interstate commerce, mergers, affiliate transactions, and certain other matters.

AmerenUE, AmerenCIPS and AmerenCILCO are members of the Mid-American Interconnected Network ("MAIN"), which is one of the ten regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply. MAIN operates in Illinois and portions of Michigan, Wisconsin, Iowa, Minnesota and Missouri. AmerenUE, AmerenCIPS and AmerenCILCO provided formal written notice to the MAIN Board of Directors on June 23, 2003 of their intent to withdraw from MAIN effective January 1, 2005. These companies intend to join another regional electric reliability organization prior to their withdrawal from MAIN becoming effective. Until their withdrawal is effective, they will continue to honor all of their obligations as members of MAIN. If they do not join another regional electric reliability organization, they may withdraw their notice of intent to withdraw from MAIN. AmerenUE and AmerenCIPS have also agreed to participate, through GridAmerica, LLC ("GridAmerica"), an independent transmission company, in the Midwest Independent System Operator ("MISO"), a FERC-approved regional transmission organization, but have not yet transferred functional control of their transmission assets to the MISO. Pending receipt of further regulatory approvals, AmerenUE and AmerenCIPS expect to begin participating in the MISO in May 2004. AmerenCILCO is already a member of the MISO and has transferred functional control of its transmission system to the MISO.

In its order approving Ameren's acquisition of CILCORP, which was completed on January 31, 2003, the Commission determined that the electric generation, transmission and distribution facilities of AmerenUE, AmerenCIPS, AmerenCILCO and AERG together constitute an integrated electric utility system, as defined in Section 2(a)(29)(A) of the Act, and that the gas utility properties of

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5 AmerenCIPS does not own any electric generation facilities. Ameren owns interconnecting electric transmission facilities in southeastern Iowa but does not serve any customers in Iowa.

AmerenUE, AmerenCIPS and AmerenCILCO together constitute an integrated gas utility system, as defined in Section 2(a)(29)(B) of the Act./6/

b. Direct Non-Utility Subsidiaries of Ameren.

Ameren has five direct wholly-owned non-utility subsidiaries (in addition to CILCORP, the direct parent of AmerenCILCO), as follows:

Ameren Services Company ("Ameren Services"), a service company subsidiary, which provides administrative, management and technical services to Ameren and its associate companies in the Ameren system;

Ameren Development Company, an intermediate non-utility holding company, which directly owns all of the outstanding common stock of Ameren ERC, Inc. ("Ameren ERC"), an "energy-related company" under Rule 58 that provides energy management services. Ameren ERC in turn owns all of the outstanding common stock of Missouri Central Railroad Company, a fuel transportation subsidiary, and an 89.1% interest in Gateway Energy Systems, L.C., which in turn owns Gateway Energy WGK Project, L.L.C., which together are developing thermal energy projects. These entities are also "energy-related companies" under Rule 58. Ameren Development also directly owns all of the outstanding common stock of Ameren Energy Communications, Inc., an "exempt telecommunications company" under Section 34 of the Act;

Ameren Energy Resources, an intermediate non-utility holding company, which directly holds all of the outstanding voting securities of the following subsidiaries: (1) Ameren Energy Development Company, an EWG which, in turn, owns all of the outstanding common stock of Ameren Energy Generating Company ("Ameren GenCo"), also an EWG; (2) Ameren Energy Marketing Company, an "energy-related company" under Rule 58; (3) Ameren Energy Fuels and Services Company, also an "energy-related company" under Rule 58, which directly and through AFS Development Company, L.L.C., a wholly-owned subsidiary, and Cowboy Railroad Development Co., L.L.C., a 71%-owned subsidiary, makes investments in and engages in operating activities related to fuel procurement, handling, transportation and storage facilities and provides related fuel management services to associate and nonassociate companies; (4) Illinois Materials Supply Co., which is a registered retailer of goods, material and equipment to Ameren Energy Development Company and other non-utility associate companies; and (5) AmerenEnergy Medina Valley Cogen (No. 4), L.L.C., an intermediate non-utility holding company that indirectly through AmerenEnergy Medina Valley Cogen (No. 2), L.L.C., holds all of the membership interests in AmerenEnergy Medina Valley Cogen, L.L.C., an EWG, and directly holds all of the membership interests in AmerenEnergy Medina Valley Operations, L.L.C. Ameren Energy Resources also directly holds 20% of the outstanding common stock of EEInc, which owns and operates a six-unit coal-fired generating facility with a capacity of

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6 See Ameren Corporation, et al., Holding Company Act Release No. 27645 (Jan. 29, 2003) (the "CILCORP Order"). The Commission also determined that the integrated gas utility system is retainable by Ameren as an additional system under the standards of the "A-B-C" clauses of Section 11(b)(1).

approximately 1,014 MW located in Joppa, Illinois. Through a subsidiary, Midwest Electric Power Inc., which is also an EWG,/7/ EEInc owns and operates two combustion turbines with a summer net capability of approximately 72 MW, located at the Joppa plant site;

Ameren Energy, Inc., an "energy-related company" under Rule 58 that primarily serves as the short-term energy trading and marketing agent for AmerenUE and Ameren GenCo and provides a range of energy and risk management services; and

CIPSCO Investment Company, which holds various nonregulated and passive investments, including passive investments in affordable housing projects that qualify for federal income tax credits and investments in equipment leases.

c. Direct Non-Utility Subsidiaries of AmerenUE.

AmerenUE has one direct wholly-owned non-utility subsidiary, Union Electric Development Corporation, which holds investments in affordable housing projects that qualify for federal income tax credits and other passive investments. AmerenUE also directly holds 40% of the outstanding common stock of EEInc./8/

d. Direct Non-Utility Subsidiaries of CILCORP.

CILCORP directly owns all of the common stock of three non-utility subsidiaries, as follows:/9/

CILCORP Investment Management Inc., which, through subsidiaries, manages CILCORP's investments in equipment leases, affordable housing projects that qualify for federal income tax credits, non-regulated independent power projects, and other passive investments;

CILCORP Ventures Inc., which, through a wholly-owned subsidiary, CILCORP Energy Services, Inc., provides energy-related products and services, including gas management services for gas management customers; and

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7 See Midwest Electric Power Inc., Letter Order in Docket No. EG00-149-000, July 21, 2000.

8 As previously indicated, as part of the Transaction, Ameren has also agreed to purchase IGC's 20% interest in EEInc, which, upon closing, will increase the aggregate ownership of EEInc by Ameren system companies from 60% to 80%. The remaining 20% interest in EEInc will continue to be held by an unaffiliated utility.

9 Under the CILCORP Order, supra n. 6, the Commission reserved jurisdiction over Ameren's retention of certain nonutility subsidiaries and investments of CILCORP. Ameren, CILCORP and certain non-utility subsidiaries of CILCORP filed a post-effective amendment in File No. 70-10078 on September 25, 2003, in which a commitment has been made to divest certain of CILCORP's nonutility subsidiaries and investments within three years from the date of the Commission's supplemental order in that proceeding directing it to do so. The matter is pending.

QST Enterprises Inc., which, through subsidiaries, provides energy and related services in non-regulated retail and wholesale markets, including predictive and preventive testing and maintenance for industrial customers and affiliated companies, and formerly held interests in environmentally distressed parcels of real estate acquired for resale.

e. Direct Non-Utility Subsidiaries of AmerenCILCO.

AmerenCILCO directly owns all of the issued and outstanding common stock of two non-utility subsidiaries, neither of which conducts any significant business at this time:

CILCO Exploration and Development Company, which previously engaged in the exploration and development of gas, oil, coal and other mineral resources; and

CILCO Energy Corporation, which was formed to research and develop new sources of energy, including the conversion of coal and other minerals into gas.

For the twelve months ended December 31, 2003, Ameren reported total operating revenues of $4,593,000,000, operating income of $1,090,000,000, and net income of $524,000,000. On a consolidated basis, approximately 85.7% of Ameren's 2003 operating revenues were derived from sales of electricity (inclusive of sales by Ameren GenCo), 14.1% from sales of gas and gas transportation service, and 0.2% from other sources. At December 31, 2003, Ameren had $14,233,000,000 in total assets, including net property and plant of $10,917,000,000.

f. Capitalization of Ameren.

Under its Restated Articles of Incorporation, as amended (Exhibits A-1 and A-2 hereto), Ameren is authorized to issue 500,000,000 shares of capital stock consisting of 400,000,000 shares of common stock, $.01 par value, and 100,000,000 shares of preferred stock, $.01 par value. At December 31, 2003, Ameren had issued and outstanding 162,861,662 shares of common stock; it did not have any outstanding preferred stock. In addition, at December 31, 2003, Ameren had issued and outstanding $445 million principal amount of senior unsecured debt securities having maturities through 2007. At December 31, 2003, Ameren did not have any outstanding short-term debt. Ameren's common stock is listed and traded on the New York Stock Exchange.

As of December 31, 2003, Ameren's capitalization on a consolidated basis was as follows:

Common equity	$ 4,354,000,000	46.9%
Preferred equity	$ 182,000,000	1.9%
Long-term debt*	$ 4,091,000,000	44.1%
Short-term debt**	$ 659,000,000	7.1%
Total	$ 9,286,000,000	100.00%

* Includes mandatorily redeemable preferred stock
** Includes current portion of long-term debt

Ameren's senior unsecured debt securities are currently rated BBB+ by Standard & Poor's Inc. ("S&P") and A3 by Moody's Investors Service ("Moody's"). Ameren's commercial paper is rated A-2 by S&P and P-2 by Moody's.

1.3 Description of Illinois Power.

Illinois Power is engaged in the transmission, distribution and sale of electric energy and the distribution, transportation and sale of natural gas in substantial portions of northern, central and southern Illinois. Its service area includes 11 cities with a population greater than 30,000 (including the cities of Decatur, Bloomington, and Champaign-Urbana) and 37 cities with a population greater than 10,000 based on 2000 census data. Illinois Power also provides electric transmission service to other utilities, electric cooperatives, municipalities and marketers.

a. Electric Utility Operations.

Illinois Power provides electric service to approximately 600,000 customers in 313 incorporated municipalities, adjacent suburban and rural areas and numerous unincorporated communities, all in Illinois. Illinois Power's electric transmission and distribution system includes 1,672 circuit miles of electric transmission lines and 37,765 circuit miles of overhead and underground distribution lines. Illinois Power owns virtually no generation./10/ Illinois Power currently purchases the vast majority of its electric power requirements under contracts with Dynegy Midwest Generation, Inc. ("DMG"), an indirect subsidiary of Dynegy, AmerGen Energy Company, L.L.C. ("AmerGen"), and EEInc./11/ The AmerGen contract expires at the end of 2004. The existing contract with DMG (or any replacement contract between Illinois Power and DMG or another Dynegy subsidiary in the event that (a) the Transaction does not close prior to January 1, 2005, and (b) the existing contract with DMG is terminated at December 31, 2004 by either party giving notice by March 30, 2004, and Illinois Power and DMG or another Dynegy affiliate enter into such a replacement agreement beginning January 1, 2005) will be terminated effective upon closing of the Transaction and replaced with a new power purchase agreement (the "New PPA") with DYPM pursuant to which Illinois Power will purchase up to 2,800 MW of capacity and energy during the period 2005 - 2006. The EEInc contract expires at the end of 2005.

A map of the electric utility service areas of Ameren and Illinois Power is filed herewith as Exhibit E-1.

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10 Illinois Power is joint owner with a large commercial customer of three diesel generators having a total capacity of 5.25 MW. The units, which are located on or near the customer's headquarters in Bloomington, Illinois, are available for on-site emergency back-up power and at other times are dispatched by Illinois Power to serve system load.

11 The power purchase agreement between DMG and Illinois Power was entered into in October 1999 concurrently with the sale of Illinois Power's generating assets to Illinova, which Illinova then transferred to DMG. The agreement with AmerGen was entered into in connection with the sale by Illinois Power of the Clinton nuclear generation facility to AmerGen in December 1999.

Illinois Power is directly interconnected with AmerenUE, AmerenCIPS and AmerenCILCO at numerous locations. Exhibit K hereto lists and describes these existing interconnections. Illinois Power also participates, together with AmerenUE and AmerenCIPS, in the Illinois-Missouri Power Pool, which operates under a transmission interconnection agreement. Illinois Power is currently a member of MAIN, although its continued membership in MAIN beyond December 31, 2004 will depend on whether the Transaction is consummated. As explained below, Illinois Power has committed in its application to the FERC for approval of the Transaction (Exhibit D-3 hereto) that it will join the MISO within a reasonable time after the FERC issues an order approving the Transaction and transfer of functional control of Illinois Power's transmission assets to the MISO without conditions that are unacceptable to the applicants, but prior to closing of the Transaction.

b. Gas Utility Operations.

Illinois Power provides retail gas service to approximately 415,000 customers in 258 incorporated municipalities and adjacent areas in northern, central and southern Illinois, including the cities of Decatur, Champaign-Urbana and East St. Louis. Illinois Power owns 763 miles of "Hinshaw" natural gas transportation pipeline and 7,669 miles of natural gas distribution pipeline. Illinois Power also owns seven on-system underground natural gas storage fields with a total capacity of approximately 11.6 billion cubic feet and total deliverability on a peak day of approximately 339 million cubic feet. To supplement the capacity of these underground storage facilities, Illinois Power has contracted with natural gas pipelines for an additional 5.4 billion cubic feet of underground storage capacity, representing additional total deliverability on a peak day of approximately 93 million cubic feet.

A map of the gas utility service areas of Ameren and Illinois Power is filed herewith as Exhibit E-2.

c. Regulation of Illinois Power.

Illinois Power is regulated by the ICC with respect to retail electric and gas rates and service, classification of accounts, the issuance of stock and evidences of indebtedness (other than indebtedness with a final maturity of less than one year and renewable for a period of not more than two years), contracts with any affiliated interest, and other matters, and by the FERC with respect to transmission service and wholesale electric rates.

d. Non-Utility Subsidiaries of Illinois Power.

Illinois Power's non-utility subsidiaries are as follows:

IP Gas Supply Company ("Illinois Gas Supply"), an Illinois corporation, which was formed for the purpose of acquiring interests in oil and gas leases. There is little activity in this subsidiary;

Illinois Power Securitization Limited Liability Company, a Delaware limited liability company that is the sole beneficial owner of Illinois Power Special Purpose Trust ("IPSPT"), a Delaware business trust that was formed in 1998 to issue transitional funding trust notes as allowed under the Illinois Electric Utility Transition Funding Law to securitize the revenue stream associated with future recovery of a portion of revenues received from retail ratepayers;/12/

Illinois Power Transmission Company, LLC, a Delaware limited liability company, was formed in 2002 for the purpose of acquiring and holding Illinois Power's transmission assets, but is currently inactive;

Illinois Power Financing I, a Delaware statutory trust, is a financing subsidiary through which Illinois Power issued $100 million of trust originated preferred securities ("TOPrS") in January 1996. These securities were redeemed in 2001 and this entity is now inactive; and

Illinois Power Financing II, also a Delaware special purpose trust, is a financing subsidiary that was created for a potential shelf registration in 2002. It is not currently active.

For the twelve months ended December 31, 2003, Illinois Power reported total operating revenues of $1,567,800,000, operating income of $166,100,000, and net income applicable to common shareholder of $114,700,000. Approximately 70.3% of Illinois Power's 2003 operating revenues was derived from electric utility operations and approximately 29.7% was derived from gas utility operations. At December 31, 2003, Illinois Power had $5,059,200,000 in total assets, including net utility plant of $2,083,000,000 and an intercompany receivable from Illinova with a principal balance of $2,271,400,000 (the "Intercompany Note") that was issued by Illinova in consideration for the purchase of Illinois Power's fossil-fuel generating plants and other generation-related assets in 1999.

e. Capitalization of Illinois Power.

Under its Amended and Restated Articles of Incorporation (Exhibit A-3 hereto), Illinois Power is authorized to issue 100,000,000 shares of common stock, no par value, 5,000,000 shares of serial preferred stock, $50 par value, 5,000,000 shares of serial preferred stock, no par value, and 5,000,000 shares of preference stock, no par value. As of December 31, 2003, Illinois Power had issued and outstanding 62,892,213 shares of common stock, no par value, all of which are held by Illinova, and six series of cumulative preferred stock, $50 par value, having an aggregate stated amount of $45,800,000. Illinova holds 662,924 shares of Illinois Power's outstanding preferred stock, representing approximately 73% of the total number outstanding. In addition, as of December 31, 2003, Illinois Power had outstanding $1,444,600,000 principal amount of first mortgage bonds having maturities through 2032, certain series of which are pledged to secure obligations under pollution control revenue obligations, and $419,900,000 principal amount of transitional funding trust notes with maturities through 2008. Exhibit I hereto lists and describes Illinois Power's

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12 With the adoption of FIN 46R (FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities"), at December 31, 2003, this variable interest entity is no longer consolidated with Illinois Power.

outstanding long-term debt and preferred stock as of December 31, 2003. Illinois Power does not have any outstanding short-term debt (other than the current portion of long-term debt).

As of December 31, 2003, Illinois Power's capitalization on a consolidated basis was as follows:

Common equity	$1,484,900,000	43.0%
Preferred equity	$45,800,000	1.3%
Long-term debt*	$1,780,200,000	51.5%
Current portion of long-term debt	$145,000,000	4.2%
Total	$3,455,900,000	100.00%

*Includes $345,600,000 of transitional funding trust notes issued by IPSPT.

Illinois Power's senior secured debt is currently rated B by S&P and B1 by Moody's. Illinois Power's preferred stock is rated CCC by S&P and Caa2 by Moody's./13/ Ameren expects that, as a result of the consummation of the Transaction and related recapitalization of Illinois Power, as described in Item 1.5 below, Illinois Power will receive an investment grade rating for its long-term debt from at least one of the major statistical rating organizations.

1.4 Principal Terms of Amended Stock Purchase Agreement.

Ameren, Dynegy, Illinova, and IGC have entered into a Stock Purchase Agreement, dated as of February 2, 2004 (the "Original Agreement") (Exhibit B-1 hereto), as amended by Amendment No. 1 thereto, dated as of March 23, 2004 (Exhibit B-1(a) hereto) (the Original Agreement, as so amended, being referred to as the "Amended SPA"). The Amended SPA provides that, subject to the receipt of all necessary regulatory approvals and the satisfaction of other conditions precedent, Ameren will purchase the Common Shares and the Preferred Shares of Illinois Power from Illinova and the EEInc Shares from IGC for an aggregate purchase price of $2,300,000,000, less an amount equal to the "Existing IPC Obligations" (as described below), plus (or minus) the amount by which actual contributions made by Dynegy or any of its affiliates prior to the closing date for plan year 2004 with respect to certain pension plans exceeds (or is less than) $17,500,000, and plus or minus the change in adjusted working capital between September 30, 2003 and the closing date, as determined in accordance with the procedures set forth in the Amended SPA (such aggregate amount being the "Purchase Price"). The Amended SPA allocates $125,000,000 of the Purchase Price to the EEInc Shares and the balance ($2,175,000,000, subject to the adjustments described above) to the Common Shares and the Preferred Shares.

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13 Illinois Power's senior secured debt and preferred stock ratings reflect upgrades by Moody's following announcement of the Transaction.

The term "Existing IPC Obligations" is defined in the Amended SPA to mean an amount equal to the sum of (a) the unpaid principal amount of all short-term and long-term indebtedness (including current portion) for borrowed money of Illinois Power and any subsidiary of Illinois Power, (b) the total liquidation preference of the 249,751 shares of preferred stock, $50 par value, of Illinois Power that are not owned by Illinova, (c) any accrued and unpaid dividends on such shares of preferred stock, to the extent that dividends are in arrears, and (d) any capital lease obligations of Illinois Power or any subsidiary of Illinois Power, in each case as of the date of closing, subject to certain adjustments related to the Transitional Funding Trust Notes, Series 1998-1, in the original amount of $864,000,000, issued by Illinois Power Special Purpose Trust. The Existing IPC Obligations as of September 30, 2003, totaled $1,909,508,000.

At closing, Ameren will pay $2,300,000,000 in cash, minus the sum of (a) an amount equal to the Existing IPC Obligations and (b) $100,000,000, which, subject to certain exceptions, will be deposited in escrow to secure certain indemnities from Dynegy under the Amended SPA relating to potential liabilities that Illinois Power faces, principally due to its former ownership of generating facilities now owned by DMG.

The Amended SPA provides that, no more than two days prior to closing, Dynegy and Illinova will cause the unpaid principal balance of and all accrued and unpaid interest on the Intercompany Note to be eliminated pursuant to the following steps, which will be part of the total recapitalization of Illinois Power (further described in Item 1.5 below): first, the principal amount of the Intercompany Note will be reduced or offset by (i) the amount of certain payables owed by Illinois Power to Illinova or other affiliates of Dynegy and (ii) the amount of interest that has been paid by Illinova to Illinois Power on the Intercompany Note that has not been earned, i.e., prepaid interest; and second, Dynegy and Illinova will, and Illinova will cause Illinois Power to, immediately following such reduction, eliminate or reduce the remaining Intercompany Note to zero, which elimination or reduction may occur (in whole or in part) through one or more of the following: (i) distribution of the Intercompany Note (net of any prepaid interest) to Dynegy or Illinova; (ii) a repurchase of common equity by Illinois Power from Illinova; (iii) the assignment of the Intercompany Note by Illinois Power, after the balance thereof has been reduced by the amount of any prepaid interest thereon theretofore paid by Illinova, to Dynegy or one of its affiliates and subsequent elimination of the Intercompany Note; (iv) a release of Illinova by Illinois Power from Illinova's remaining obligations under the Intercompany Note; or (v) other means reasonably acceptable to Dynegy and Ameren. The elimination of the Intercompany Note through these measures requires approval by the ICC.

Also at closing, Illinois Power and DYPM will enter into the New PPA. The New PPA requires DYPM to sell capacity and energy and to provide ancillary services to Illinois Power for the period from the later of the date the Transaction closes or January 1, 2005 through December 31, 2006. The total monthly capacity committed under the New PPA to Illinois Power will range from 2,300 MW in the non-summer months (October through April) to 2,800 MW in the summer months (May through September). DYPM is responsible under the New PPA for obtaining and/or providing firm transmission service and ancillary services to points of delivery on Illinois Power's transmission system. Illinois Power may utilize energy purchased under the New PPA only to serve its retail load and provide ancillary services and may not resell to other customers any energy, capacity or ancillary services provided by DYPM. Illinois Power and DYPM will

also enter into the "Negotiated Tier 2 Memorandum," pursuant to which DYPM will sell to Illinois Power an additional 300 MW of firm capacity in 2005 and 150 MW of firm capacity in 2006, at a fixed price. Illinois Power will have an option to purchase energy associated with this capacity at a price based on the Power Markets Week's index for energy at the Cinergy hub.

The Amended SPA also obligates Illinois Power to submit an application to FERC to join the MISO, conditioned on the closing of the Transaction. As part of the joint application filed with FERC (Exhibit D-3 hereto), Illinois Power is requesting all necessary authorizations from FERC to transfer functional control over its transmission facilities to the MISO. Notwithstanding the language of the Amended SPA conditioning Illinois Power's joining the MISO on closing of the Transaction, Illinois Power has committed in the FERC application that it will transfer functional control over its transmission facilities to the MISO within a reasonable time after the FERC issues the requested orders without conditions that are unacceptable to the applicants, but prior to the closing.

The obligations of the parties under the Amended SPA are subject to conditions precedent that are usual and customary for a transaction of this nature, including the receipt of required regulatory approvals from this Commission, the FERC and the ICC. The Amended SPA may be terminated by Dynegy or Ameren if the closing shall not have occurred on or before December 31, 2004.

1.5 Recapitalization of Illinois Power.

After the Transaction closes, Ameren intends to complete the recapitalization of Illinois Power by infusing substantial equity into Illinois Power, the proceeds of which will be used by Illinois Power to retire debt, including $550 million principal amount of 11 1/2% first mortgage bonds. Ameren believes that these intercompany financing transactions will be exempt under Rules 45(b)(4) and 52(a), as applicable. The Amended SPA obligates Ameren to commit to the ICC that it will eliminate at least $750 million of Illinois Power's debt and that Ameren will cause Illinois Power's common equity to total capitalization ratio to be between 50% and 60% by December 31, 2006. As previously noted, Ameren expects that the recapitalized Illinois Power will receive an investment grade rating for its long-term debt from at least one of the major statistical rating organizations.

In addition, Ameren requests authorization to acquire, from time to time during the Authorization Period, up to $300 million principal or face amount of the outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power. All such securities would be purchased in open-market purchases, through invitations for tenders and/or through direct negotiations with the holders of such securities. Any such securities that are acquired by Ameren may be held by Ameren until they mature or are called, or, at Ameren's option, may be contributed to and canceled on the books of Illinois Power or its subsidiary, as the case may be. Such securities would not be reissued or resold by Ameren.

1.6 Operation of the Combined System Following the Acquisition.

Following the acquisition of Illinois Power, Illinois Power will maintain its headquarters in Decatur for a period of at least five years and will maintain a local management team and adequate staffing levels to operate its utility system. Although Illinois Power will maintain its separate corporate existence and will continue to operate as its own control area, its electric utility operations will be fully integrated with those of AmerenUE, AmerenCIPS and AmerenCILCO. Importantly, all four companies either have (in the case of AmerenCILCO) or intend to transfer functional control of their respective transmission facilities to the MISO. Likewise, the gas utility operations of Illinois Power will also be fully integrated with those of AmerenUE, AmerenCIPS and AmerenCILCO following completion of the Transaction. A fuller description of Ameren's plans to integrate Illinois Power's operations with those of its existing subsidiaries and estimates of merger savings are set out in Item 3.3 below.

1.7 Financing the Purchase Price.

Ameren intends to finance the cash portion of the Purchase Price and subsequent equity infusions in Illinois Power by issuing common stock and other securities pursuant to its existing authorization in File No. 70-9877 or as authorized in a separate proceeding./14/ Ameren has filed a "shelf" Registration Statement on Form S-3 covering common stock and other long-term securities of Ameren that may be issued in accordance with its authorization in File No. 70-9877 (Exhibit C hereto), and intends to file a new "shelf" Registration Statement in the near future.

1.8 Affiliate Transactions.

a. Ameren Services.

Under the 1997 Merger Order, the Commission authorized Ameren to organize and capitalize Ameren Services as a service company subsidiary, and authorized Ameren Services to provide AmerenUE, AmerenCIPS and other companies in the Ameren system with administrative, management, engineering, construction, environmental, and other support services pursuant to a General Services Agreement ("GSA"). Ameren Services has entered into substantially identical GSAs with Ameren, AmerenUE, AmerenCIPS, AmerenCILCO and certain of its non-utility associate companies. Under the 1997 Merger Order, Ameren Services is required to give written notice to the Commission at least 60 days prior to implementing any change in the type and character of the companies receiving services, the methods of allocating costs to associate companies, or the scope or character of services to be rendered.

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14 See Ameren Corporation, Holding Co. Act Release No. 27449 (Oct. 5, 2001) (the "2001 Financing Order"). Ameren is authorized under the 2001 Financing Order to issue and sell from time to time through September 30, 2004 up to $2.5 billion at any time outstanding of common stock, unsecured long-term debt securities, and other preferred or equity-linked securities and up to $1.5 billion of short-term debt securities at any time outstanding. On February 24, 2004, Ameren filed a new application/declaration in File No. 70-10206 seeking to extend and restate its authorization under the 2001 Financing Order. That matter is pending.

Ameren Services intends to enter into a substantially identical GSA with Illinois Power following completion of the Transaction. Thus, after the Transaction closes, Ameren Services will provide to Illinois Power administrative, management, and technical services substantially similar to those that it now provides to other Ameren system companies under the GSA, utilizing the same work order procedures and the same methods of allocating costs that are specified in the GSA. Subject to Ameren's commitment to the ICC regarding workforce reductions, certain employees of Illinois Power and its subsidiaries may be transferred to and become employees of Ameren Services.

b. Ameren Fuels.

By order dated April 5, 2001 in File No. 70-9775,/15/ the Commission authorized Ameren Fuels to provide AmerenUE and AmerenCIPS fuel management services pursuant to the terms of a Fuel and Natural Gas Services Agreement ("Fuel Services Agreement")./16/ Ameren Fuels was authorized to provide AmerenCILCO with similar services under the CILCORP Order, supra n. 6. Under the Fuel Services Agreement (Exhibit B-3 hereto), Ameren Fuels, as agent for its associate companies, manages all aspects of procurement, storage, transportation and handling of coal, natural gas, and other fuels. Such services include negotiating contracts with third parties, contract administration, regulatory reporting and ash management services, among others. For the services rendered, Ameren Fuels is reimbursed for all costs properly chargeable or allocable thereto, as controlled through a work order procedure. Costs are computed in accordance with Rule 90 and 91. Ameren Fuels is authorized under the Fuel Services Agreement to take title to and resell fuel to its associate companies, but solely in an agency capacity.

In conjunction with the Transaction, Ameren Fuels proposes to enter into a separate Fuel Services Agreement with Illinois Power pursuant to which Ameren Fuels will manage gas supply resources for Illinois Power. These services will be provided at cost, in accordance with Rule 90 and 91.

1.9 Financing by Illinois Power.

The existing equity and long-term debt securities of Illinois Power, as described in Item 1.3 above, will remain outstanding after the Transaction closes. In general, all securities issuances by Illinois Power, other than indebtedness with a final maturity of less than one year, renewable for a period of not more than two years, must be approved by the ICC. In addition, the ICC must approve borrowings by Illinois Power from any affiliated company. Accordingly, after Illinois Power becomes a subsidiary of Ameren, Rule 52(a) will exempt from Sections 6(a) and 7 of the Act (i) all external securities issued by Illinois Power, other than short-term indebtedness, and (ii) all intercompany borrowings by Illinois Power. Illinois Power is herein requesting authorization to issue and sell from time to time during the Authorization Period short-term debt securities to unaffiliated lenders, to enter into interest rate hedging transactions, and to become a participant in the Utility

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15 See Ameren Energy Fuels and Services Company, Holding Co. Act Release No. 27374.

16 Following the transfer of AmerenCIPS' generating assets to Ameren GenCo, Ameren Fuels entered into an identical agreement with Ameren Energy Resources, the indirect parent of Ameren GenCo.

Money Pool, all as described below. Illinois Power will not engage in any financing transactions for which approval is sought herein unless, on a pro forma basis to take into account the amount and types of such financing and the application of the proceeds thereof, common equity as a percentage of capitalization (including short-term debt and current maturities of long-term debt) is at least 30%.

a. External Short-term Debt. Illinois Power does not currently have any outstanding short-term debt (other than the current portion of long-term debt) or maintain any credit lines./17/ After becoming a subsidiary of Ameren, however, Illinois Power wishes to have the flexibility to establish credit lines and make short-term borrowings as needed to finance its operations and support working capital needs. Accordingly, Illinois Power requests authorization to issue commercial paper and/or establish and make short-term borrowings (i.e., maturities less than one year) under credit lines with banks or other institutional lenders from time to time during the Authorization Period, provided that the aggregate principal amount of commercial paper and borrowings by Illinois Power at any time outstanding under credit facilities will not exceed $500 million. Subject to such limitation, Illinois Power requests authority to sell commercial paper, from time to time, in established domestic or foreign commercial paper markets. Such commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring such commercial paper will reoffer it at a discount to corporate, institutional and, with respect to European commercial paper, individual investors. It is anticipated that such commercial paper will be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities, finance companies and nonfinancial corporations.

Illinois Power also proposes to establish credit lines with banks or other institutional lenders and other credit arrangements and/or borrowing facilities generally available to borrowers with comparable credit ratings as it deems appropriate in light of its needs and existing market conditions providing for revolving credit or other loans and having commitment periods not longer than the Authorization Period. Only the amounts drawn and outstanding under these agreements and facilities will be counted against the proposed limit on short-term debt. The effective cost of money on all external short-term borrowings by Illinois Power will not exceed at the time of issuance the greater of (i) 300 basis points over the six-month London Interbank Offered Rate ("LIBOR"), or (ii) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Illinois Power represents that, except for securities issued for the purpose of funding Utility Money Pool operations (see below), it will not issue any short-term debt securities in reliance upon the authorization granted by the Commission pursuant to this Application/Declaration, unless (i) the security to

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17 Currently, Illinois Power satisfies its working capital requirements in part from interest income received from Illinova under the Intercompany Note. As described in Item 1.4, prior to closing of the Transaction, Dynegy and Illinova will take steps to eliminate the Intercompany Note.

be issued, if rated, is rated investment grade; (ii) all outstanding securities of Illinois Power that are rated are rated investment grade; and (iii) all outstanding securities of Ameren that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated "investment grade" if it is rated investment grade by at least one "nationally recognized statistical rating organization," as that term is used in paragraphs
(c)(2)(vi)(E), (F) and (H) of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended. Illinois Power requests that the Commission reserve jurisdiction over the issuance of any short-term debt securities that are rated below investment grade.

b. Participation in Utility Money Pool.

By order dated February 27, 2003 in File No. 70-10106 (Holding Co. Act Release No. 27655), as supplemented by order dated September 15, 2003 (Holding Co. Act Release No. 27721) (the "Money Pool Order"), Ameren is authorized to fund loans to AmerenUE, AmerenCIPS, AmerenCILCO and Ameren Services through the Utility Money Pool in order to provide for the short-term cash and working capital needs of these companies./18/ Further, to the extent not exempt under Rule 52, AmerenUE, AmerenCIPS, AmerenCILCO and Ameren Services are authorized to make unsecured short-term borrowings from the Utility Money Pool, to contribute surplus funds to the Utility Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool./19/ Ameren may not make borrowings under the Utility Money Pool. If surplus funds made available by the participants in the Utility Money Pool (i.e., "Internal Funds") are used to fund loans to eligible borrowers, the interest rate applicable to such loans is equal to the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial commercial paper composite rate. If proceeds from external borrowings by any participant in the Utility Money Pool (i.e., "External Funds") are used to fund loans to eligible borrowers, the interest rate is equal to the lending company's cost of borrowing. In cases where both Internal Funds and External Funds are used to fund loans to eligible borrowers, the applicable interest rate is a composite rate equal to the weighted average of the Internal Funds and External Funds.

Illinois Power requests authorization herein to become a party to the Utility Money Pool Agreement (Exhibit B-2 hereto) after the closing of the Transaction on the same basis as AmerenUE, AmerenCIPS and AmerenCILCO. Borrowings by Illinois Power under the Utility Money Pool must be approved by the ICC (see Item 4 below) and therefore will be exempt pursuant to Rule 52(a).

After the Transaction closes, Ameren may also make direct short-term loans to Illinois Power (and in connection therewith acquire promissory notes of Illinois Power evidencing such loans) in order to fund Illinois Power's capital improvements and working capital requirements. Such intercompany loan

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18 The authorization period under the February 27, 2003 order extends through March 31, 2006.

19 Borrowings by AmerenCIPS and AmerenCILCO under the Utility Money Pool have been approved by ICC and are therefore exempt under Rule 52(a). Borrowings by Ameren Services are exempt under Rule 52(b).

transactions must also be approved by the ICC (see Item 4 below) and therefore will be exempt under Rule 52(a)./20/

c. Interest Rate Hedging Transactions. To the extent not exempt under Rule 52(a), Illinois Power requests authorization to enter into interest rate hedging transactions with respect to outstanding long-term and short-term indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage its effective interest rate cost. In no case will the notional amount of any Interest Rate Hedge exceed the principal amount of the underlying debt instrument. Transactions will be entered into for a fixed or determinable period. Thus, Illinois Power will not engage in speculative transactions. Interest Rate Hedges (other than exchange-traded interest rate futures contracts) would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of any credit support providers who have guaranteed the obligations of such counterparties, as published by S&P, are equal to or greater than BBB, or an equivalent rating from Moody's or Fitch, Inc.

Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets, such as exchange-traded interest rate futures contracts and over-the-counter interest rate swaps, caps, collars, floors, swaptions and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury securities. The transactions would be for fixed periods and stated notional amounts. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

In addition, Illinois Power requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain limitations and restrictions. Such Anticipatory Hedges (other than exchange-traded interest rate futures contracts) would only be entered into with Approved Counterparties, and would be utilized to fix the interest rate and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury securities and/or a forward swap (each a "Forward Sale"), (ii) the purchase of put options on U.S. Treasury securities (a "Put Options Purchase"), (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury securities (a "Zero Cost Collar"), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury securities, or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to, structured notes, caps and collars, appropriate

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20 Ameren and Illinois Power have requested authorization from the ICC for Illinois Power to make borrowings under the Utility Money Pool and direct short-term borrowings from Ameren in an aggregate amount at any time outstanding not to exceed $500 million. (See Exhibit D-1.) In accordance with Rule 52(a), direct borrowings from Ameren will bear interest at a rate and have a maturity date designed to parallel the effective cost of capital and maturity date of a similar debt instrument issued by Ameren.

for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade, Chicago Mercantile Exchange or other financial exchange, the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. Illinois Power will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution.

Each Interest Rate Hedge and Anticipatory Hedge will qualify for hedge accounting treatment under the current Financial Accounting Standards Board ("FASB") guidelines in effect and as determined at the time entered into. Further, Illinois Power will comply with the Statement of Financial Accounting Standards ("SFAS") 133 ("Accounting for Derivatives Instruments and Hedging Activities") and SFAS 138 ("Accounting for Certain Derivative Instruments and Certain Hedging Activities") or other standards relating to accounting for derivative transactions as are adopted and implemented by the FASB./21/

1.10 Organization and Acquisition of Financing Subsidiaries.

In connection with the issuance of long-term debt and preferred securities, Illinois Power requests authorization to acquire, directly or indirectly, the common stock or other equity securities of one or more entities (each a "Financing Subsidiary") formed exclusively for the purpose of facilitating the issuance of such long-term debt and/or preferred securities and for the loan or other transfer of the proceeds thereof to Illinois Power. In connection with any such financing transactions, Illinois Power may enter into one or more guarantees or other credit support agreements in favor of its Financing Subsidiary./22/ Illinois Power also requests authorization to enter into an expense agreement with any Financing Subsidiary, pursuant to which it would agree to pay all expenses of such Financing Subsidiary.

Any Financing Subsidiary organized pursuant to the authority granted by the Commission in this proceeding shall be organized only if, in management's opinion, the creation and utilization of such Financing Subsidiary will likely result in tax efficiencies, increased access to capital markets and/or lower cost of capital for Illinois Power. No Financing Subsidiary shall acquire or dispose of, directly or indirectly, any interest in any "utility asset," as that term is defined under the Act.

Illinois Power also requests authorization to issue to any Financing Subsidiary, at any time or from time to time in one or more series, unsecured debentures, unsecured promissory notes or other unsecured debt instruments

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21 The authority sought for interest rate hedging transactions in this Application/Declaration is identical to the authorization previously granted to AmerenUE and AmerenCIPS in File No. 70-10106 by order dated February 27, 2003 (Holding Co. Act Release No. 27655) and to AmerenCILCO under the CILCORP Order, supra n. 6.

22 Guarantees or other credit support provided by Illinois Power with respect to securities issued by any Financing Subsidiary will be exempt under Rules 52(a) and 45(b)(7) if the conditions of such rules are satisfied.

(individually, a "Note" and, collectively, the "Notes") governed by an indenture or indentures or other documents, and the Financing Subsidiary will apply the proceeds of any external financing by such Financing Subsidiary plus the amount of any equity contribution made to it from time to time to purchase the Notes. The terms (e.g., interest rate, maturity, amortization, prepayment terms, default provisions, etc.) of any such Notes would generally be designed to parallel the terms of the securities issued by the Financing Subsidiary to which the Notes relate./23/

1.11 Accounting Treatment for the Transaction; Impact on Rates.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," Ameren will use the purchase method of accounting for the Transaction. Under this method of accounting, the total cost of acquiring Illinois Power will be assigned to the tangible and identifiable intangible assets acquired and liabilities assumed in the Transaction on the basis of their fair values on the date of the acquisition. Any premium (i.e., the excess of the cost over the fair values of the net assets acquired) will be recorded as goodwill./24/ In this case, Ameren intends to "push down" the purchase accounting and establish a new basis of accounting for the stand-alone financial statements of Illinois Power./25/ It is expected that, for accounting purposes, the goodwill recorded on Illinois Power's books as a result of the Transaction will generally remain unchanged, but it will be reviewed for potential impairment on a regular basis in accordance with SFAS No. 141 and SFAS No. 142 , "Goodwill and Other Intangible Assets."

In the ICC application (Exhibit D-1 hereto), Ameren has committed to reverse the balance sheet and income statement impacts of the purchase accounting entries "pushed down" to the financial statements of Illinois Power so that there will be no impact on Illinois Power's rate base, cost of service or any other factor upon which Illinois Power's rates will be determined in future ICC proceedings, with the exception that Illinois Power is requesting ICC authorization to amortize ratably over the period 2005 - 2010 no less than $100 million of costs incurred to carry out the Transaction, and to recover the unamortized portion over the period 2007 - 2010. Under the Amended SPA, it is a

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23 "Mirror image" Notes issued by Illinois Power to any Financing Subsidiary will be exempt under Rule 52(a) if the conditions of Rule 52(a) are satisfied.

24 Ameren estimates that the total cost of acquiring Illinois Power will be approximately $2.36 billion, consisting of the portion of the Purchase Price allocated to the Common Shares and the Preferred Shares ($2.175 billion), stock issuance costs of approximately $35 million, transaction costs of approximately $25 million, integration costs of approximately $10 million, severance costs of approximately $9 million, and debt redemption premiums of approximately $100 million.

25 Staff Accounting Bulletin (SAB) Topic 5-J does not require Ameren to "push down" the purchase accounting to Illinois Power since Illinois Power has substantial amounts of publicly-held debt. Nevertheless, if the purchase accounting is not "pushed-down" to Illinois Power, the accounting adjustments required in connection with the elimination of the Intercompany Note, as described in Item 1.4 above, would leave Illinois Power with negative retained earnings, a result that is not acceptable to Ameren since it would impair Illinois Power's ability to pay dividends.

condition precedent to Ameren's obligation to consummate the Transaction that the ICC approve the "push down" of the purchase accounting entries to the financial statements of Illinois Power, subject to the foregoing commitments regarding rate impacts.

1.12 Reports Pursuant to Rule 24.

Ameren will file certificates of notification pursuant to Rule 24 within 10 days following closing of the Transaction. In addition, Ameren and Illinois Power propose to file certificates of notification pursuant to Rule 24 that report each of the financing transactions carried out in accordance with the terms and conditions of and for the purposes represented in Items 1.9 and 1.10 of this Application/Declaration. Such certificates of notification would be filed within 60 days after the end of each of the first three calendar quarters, and 90 days after the end of the last calendar quarter, in which transactions occur. The Rule 24 certificates will contain the following information for the reporting period:

(a) the principal amount, type (e.g., commercial paper, bank notes, etc.) and material terms (e.g., interest rate and maturity) of any short-term debt securities issued by Illinois Power to lenders other than Ameren;

(b) the principal amount and material terms (e.g., interest rate and maturity) of any short-term note issued by Illinois Power to Ameren;/26/

(c) the notional amount and principal terms of any Interest Rate Hedge or Anticipatory Hedge entered into by Illinois Power during the quarter and the identity of the parties to such instruments;

(d) with respect to each Financing Subsidiary that has been formed, a representation that the financial statements of Illinois Power shall account for the Financing Subsidiary in accordance with generally accepted accounting principles and further, with respect to each such entity, (i) the name of the Financing Subsidiary, (ii) the amount invested by Illinois Power in such Financing Subsidiary; (iii) the balance sheet account where the investment and the cost of the investment are booked; (iv) the form of organization (e.g., corporation, limited partnership, trust, etc.) of such Financing Subsidiary; (v) the percentage owned by Illinois Power; and (vi) if any equity interests in the Financing Subsidiary are sold in a non-public offering, the identity of the purchasers; and

(e) the consolidated balance sheet of Illinois Power as of the end of the calendar quarter, which may be incorporated by reference to annual, quarterly and other reports filed by Illinois Power under the Securities Act of 1933 or Securities Exchange Act of 1934.

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26 For convenience, it is proposed to combine information on borrowing and lending activity by Illinois Power under the Utility Money Pool with the information on such activity provided for Ameren's other utility subsidiaries in reports under Rule 24 filed in File No. 70-10106.

ITEM 2. FEES, COMMISSIONS AND EXPENSES.

It is estimated that the fees, commissions and expenses paid or incurred, or to be paid or incurred, directly or indirectly, by Ameren in connection with the Transaction will not exceed $25 million, assuming that the Transaction closes, as follows:

Investment bankers fees and expenses	$15,000,000
Consultants fees and expenses	$ 2,000,000
Accountants fees	$ 2,000,000
Legal fees and expenses	$ 5,000,000
Other	$ 1,000,000
TOTAL	$25,000,000

Total fees, commissions and expenses incurred or to be incurred by Illinois Power in connection with the issuance of short-term debt securities to any non-associate company, including dealer discounts, commitment fees, compensating balances, fees for obtaining letters of credit, rating agency fees, and other fees and costs customarily incurred in connection with the issuance of such securities or obtaining third-party credit support, will not exceed 6% of the amount of any specific financing transaction./27/

ITEM 3. APPLICABLE STATUTORY PROVISIONS.

3.1 General Overview of Applicable Statutory Provisions. The following sections of the Act and the Commission's rules thereunder are or may be directly or indirectly applicable to the proposed Transaction and related transactions:

APPLICABLE SECTIONS OF THE ACT AND RULES.	DESCRIPTION OF TRANSACTION.
Sections 6(a), 7, 9(a), 10, 12(b) and 12(f); Rules 45 and 52(a)	Issuance of short-term debt securities by Illinois Power to Ameren and to unaffiliated lenders and borrowings pursuant to Utility Money Pool
Sections 8, 9(a), 10, and 11(b)(1); Rule 51	Acquisition by Ameren of Common Shares and Preferred Shares of Illinois Power
Sections 9(a), 10 and 12(b)	Acquisition of common stock or other equity securities of Financing

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27 This is the same limitation on fees, commissions and expenses approved by the Commission under the 2001 Financing Order, supra n. 14, in connection the issuance of equity and debt securities by Ameren.

Subsidiaries by Illinois Power; acquisition of outstanding senior securities of Illinois Power by Ameren and contribution thereof to Illinois Power

Sections 8 and 11(b)(1) Retention by Ameren of the gas utility properties of Illinois Power as part of additional public utility system; retention of non-utility subsidiaries and investments of Illinois Power

Section 13(b); Rules 87, 90 - 91 Approval of the services to be provided by Ameren Fuel to Illinois Power

Section 32(h); Rule 54 Generally applicable to all of the above transactions.

As set forth more fully below, the Transaction complies with all of the applicable provisions of Section 10 of the Act and should be approved by the Commission. Specifically, the Commission should find that:

o the consideration to be paid in the Transaction is fair and reasonable;

o the Transaction will not create detrimental interlocking relations or concentration of control;

o the Transaction will not result in an unduly complicated capital structure for the Ameren system;

o the Transaction is in the public interest and the interests of investors and consumers;

o the Transaction is consistent with Section 8 of the Act and not detrimental to carrying out the provisions of Section 11;

o the Transaction will tend toward the economical and efficient development of an integrated electric utility system; and

o the Transaction will comply with all applicable state laws.

3.2 Compliance with Section 10(b).

Section 10(b) provides that, if the requirements of Section 10(f) are satisfied, the Commission shall approve an acquisition under Section 9(a) unless the Commission finds that:

(1) such acquisition will tend towards interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interests of investors or consumers;

(2) in case of the acquisition of securities or utility assets, the consideration, including all fees, commissions, and other remuneration, to whomsoever paid, to be given, directly or indirectly, in connection with such acquisition is not reasonable or does not bear a fair relation to the sums invested in or the earning capacity of the utility assets to be acquired or the utility assets underlying the securities to be acquired; or

(3) such acquisition will unduly complicate the capital structure of the holding-company system of the applicant or will be detrimental to the public interest or the interests of investors or consumers or the proper functioning of such holding-company system.

a. Section 10(b)(1).

The standards of Section 10(b)(1) are satisfied because the proposed Transaction will not "tend towards interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interests of investors or consumers." By its nature, any merger results in new links between previously unrelated companies. The Commission has recognized, however, that such interlocking relationships are permissible in the interest of efficiencies and economies. See Northeast Utilities, 50 S.E.C. 427, 443 (1990) ("Northeast Utilities"), as modified, 50 S.E.C. 511 (1991), aff'd sub nom. City of Holyoke v. SEC, 972 F.2d 358 (D.C. Cir. 1992) (finding that interlocking relationships are necessary to integrate the two merging entities). The links that will be established as a result of the Transaction are not the types of interlocking relationships targeted by Section 10(b)(1), which was primarily aimed at preventing utility mergers unrelated to operating economies./28/ As described elsewhere in this Application/Declaration, the Transaction will achieve various operating synergies. Among other things, Illinois Power will enter into contractual arrangements with other Ameren system companies under which various administrative and management services will be provided. Because substantial benefits will accrue to the public, investors and consumers from the affiliation of Ameren and Illinois Power, whatever interlocking relationships may arise from the combination are not detrimental.

In applying Section 10(b)(1) to a utility acquisition, the Commission must further determine whether such acquisition will result in "the type of structures and combinations at which the Act was specifically directed." Vermont Yankee Nuclear Power Corp., 43 S.E.C. 693, 700 (1968). The Transaction will not create a "huge, complex and irrational system" but, rather, will afford the opportunity to achieve economies of scale and efficiencies for the benefit of investors and consumers. See American Electric Power Company, Inc., 46 S.E.C. 1299, 1307 (1978) ("AEP"). The Transaction will combine the strengths of the companies, enabling them to offer customers a broader array of energy products and services more efficiently and cost-effectively than either could alone, and

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28 See Section 1(b)(4) of the Act (finding that the public interest and interests of consumers and investors are adversely affected "when the growth and extension of holding companies bears no relation to the economy of management and operation or the integration and coordination of related operating properties . . ..").

at the same time create a larger and more diverse asset and customer base with enhanced opportunities for operating efficiencies and risk diversification.

Illinois Power serves approximately 600,000 retail electric customers and approximately 415,000 retail gas customers. If the Transaction is approved, the Ameren system will serve approximately 2.3 million electric customers and approximately 915,000 retail gas customers in parts of Missouri and Illinois. On a pro forma basis, as of December 31, 2003, Ameren will have consolidated assets of about $18 billion, including net utility plant of approximately $13 billion. For the twelve months ended December 31, 2003, pro forma combined operating revenues will total approximately $6 billion.

The following table compares Ameren after the Transaction to other registered holding company systems that compete with Ameren in the midwest and central U.S. power markets in terms of total assets, operating revenues and electric and (where applicable) retail gas customers (all data as of and for the year ended December 31, 2003):

System	Total Assets	Operating Revenues	Utility Customers - Electric (E)/Gas (G)
Exelon Corp.	$41,941,000,000	$15,812,000,000	E - 5.1 million G - .46 million
American Electric Power Co.	$36,744,000,000	$14,545,000,000	E - 5.0 million
FirstEnergy	$32,910,000,000	$12,307,000,000	E - 4.4 million
Entergy Corp.	$28,554,000,000	$ 9,195,000,000	E - 2.6 million G - .24 million
Xcel Corp.	$20,205,000,000	$ 7,938,000,000	E - 3.2 million G - 1.7 million
Cinergy Corp.	$14,119,000,000	$ 4,416,000,000	E - 1.5 million G - .5 million
Ameren (pro forma)	$18,000,000,000	$ 6,000,000,000	E - 2.3 million G - .92 million

As the foregoing table shows, following the acquisition of Illinois Power, the Ameren system will be substantially smaller than Exelon Corporation ("Exelon"), which is the largest utility, by far, in Illinois, as well as American Electric Power Company, Xcel Corp., FirstEnergy and Entergy Corp., which operate in contiguous regions. In any case, the Commission has rejected an interpretation of Section 10(b)(1) that would impose per se limits on the post-merger size of a registered holding company. Instead, the Commission assesses the size of the resulting system with reference to the economic

efficiencies that can be achieved through the integration and coordination of utility operations. In AEP, the Commission noted that, although the framers of the Act were concerned about "the evils of bigness, they were also aware that the combination of isolated local utilities into an integrated system afforded opportunities for economies of scale, the elimination of duplicate facilities and activities, the sharing of production capacity and reserves and generally more efficient operations... [and] [t]hey wished to preserve these opportunities." AEP, 46 S.E.C. at 1309. By virtue of the Transaction, Ameren will be in a position to realize precisely these types of benefits. Among other things, the Transaction is expected to yield operating cost savings, corporate and administrative savings and purchasing savings, among others. These expected economies and efficiencies from the combined utility operations are described in greater detail in Item 3.3 below.

Finally, Section 10(b)(1) also requires the Commission to consider possible anticompetitive effects of a proposed combination. See Municipal Electric Association of Massachusetts v. SEC, 413 F.2d 1052 (D.C. Cir. 1969). As the Commission noted in Northeast Utilities, the "antitrust ramifications of an acquisition must be considered in light of the fact that public utilities are regulated monopolies and that federal and state administrative agencies regulate the rates charged to customers." Northeast Utilities, 50 S.E.C. at 445 (citing AEP, 46 S.E.C. at 1324 - 25). In this case, Ameren and Dynegy will file Notification and Report Forms with the Department of Justice ("DOJ") and the Federal Trade Commission ("FTC") pursuant to the HSR Act describing the effects of the Transaction on competition in the relevant market.

The competitive impact of the Transaction on wholesale power markets will also be considered by the FERC in light of the criteria set forth in FERC's Order No. 592 (hereinafter, the "Merger Policy Statement")/29/ and Order No. 642./30/ Specifically, the FERC will consider the effects of combining Ameren's and Illinois Power's generation assets (horizontal market power), the effects of combining generation and transmission assets (one aspect of vertical market power), and the effects of combining electric and natural gas assets. The Commission has found, and the courts have agreed, that it may appropriately rely upon the FERC with respect to such matters. See City of Holyoke v. SEC, 972 F.2d at 363-64, quoting Wisconsin's Environmental Decade v. SEC, 882 F.2d 523, 527 (D.C. Cir. 1989).

The ICC will also consider the effect of the Transaction on competition in Illinois. In this case, because Ameren will be acquiring only a very small amount of generation capacity (i.e., IGC's 20% interest in EEInc, which owns the Joppa Plant, and 5.25 MW of capacity jointly owned by Illinois Power and a customer), the Transaction is not expected to have any material adverse effect on competition in Illinois.

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29 See Inquiry Concerning Merger Policy under the Federal Power Act: Policy Statement, Order No. 592, FERC Stats. & Regs. [Regs. Preambles 1996 - 2000] P. 31,044 (1996), reconsideration denied, Order No. 592-A, 79 FERC P. 61,321 (1997) (codified at 18 C.F.R. ss. 2.26).

30 See Revised Filing Requirements Under Part 33 of the Commission's Regulations, Order No. 642, FERC Stats. & Regs. [Regs. Preambles July 1996 - December 2000]P. 31,111 (2000), reh'g denied, Order No. 642-A, 94 FERCP. 61,289 (2001).

b. Section 10(b)(2).

Section 10(b)(2) of the Act precludes approval of an acquisition if the consideration to be paid in connection with the transaction, including all fees, commissions and other remuneration, is "not reasonable or does not bear a fair relation to the sums invested in or the earning capacity of the utility assets to be acquired or the utility assets underlying the securities to be acquired." The Commission has found "persuasive evidence" that the standards of
Section 10(b)(2) are satisfied where, as here, the agreed consideration for an acquisition is the result of arms-length negotiations between the managements of the companies involved, supported by an opinion of a financial advisor. See Entergy Corp., 51 S.E.C. 869 at 879 (1993); Southern Company, Holding Co. Act Release No. 24579 (Feb. 12, 1988).

There is no basis for the Commission to question the fairness of the consideration to be paid to Dynegy for Illinois Power's common stock. Dynegy solicited and received non-binding expressions of interest for the purchase of Illinois Power from several potential purchasers, including Ameren. After evaluating these expressions of interest, Dynegy and Exelon entered into a purchase agreement on October 31, 2003, pursuant to which Exelon, through a new subsidiary, agreed to acquire substantially all of Illinois Power's assets and liabilities. That agreement was terminated by the parties on November 22, 2003, and, on December 5, 2003, Dynegy and Ameren announced that they were engaged in exclusive discussions regarding the sale of Illinois Power to Ameren. The Original Agreement was entered into on February 2, 2004, following intense negotiations between the parties, in which each was assisted by a financial advisor, and completion of substantial due diligence by Ameren.

There is also no basis for the Commission to conclude that the consideration to be paid for Illinois Power does not bear a fair relation to the earning capacity of Illinois Power's utility assets. In this case, Ameren requested its financial advisor, Goldman, Sachs & Co. ("Goldman Sachs"), to provide an opinion as to the fairness from a financial point of view to Ameren of the consideration to be paid for Illinois Power (as well as for IGC's 20% interest in EEInc). On February 2, 2004, Goldman Sachs provided its opinion addressed to the Board of Directors of Ameren to the effect that, as of that date and based upon and subject to the matters and assumptions set forth therein, the Aggregate Purchase Price (as defined in the opinion) to be paid by Ameren for Illinois Power (and for IGC's 20% interest in EEInc) pursuant to the relevant agreements "is fair from a financial point of view to [Ameren]." Goldman Sachs' fairness opinion is filed herewith as Exhibit J.

Another consideration under Section 10(b)(2) is the overall fees, commissions and expenses to be incurred in connection with the Transaction. Ameren believes that the Transaction costs are reasonable and fair in light of the size and complexity of the proposed Transaction, and that the anticipated benefits of the Transaction to the public, investors and consumers are consistent with recent precedents and meet the standards of Section 10(b)(2). The total estimated fees and expenses of the Transaction paid or incurred by Ameren, approximately $25 million (see Item 2 - Fees, Commissions and Expenses), are less than 1% of the Purchase Price. This is consistent with (and in fact generally lower than) percentages previously approved by the Commission. See,
e.g., Entergy Corp., 51 S.E.C. at 881, n. 63 (fees and expenses of $38 million, representing approximately 2% of the value of the consideration paid to the shareholders of Gulf States Utilities); Northeast Utilities, Holding Co. Act

Release No. 25548 (June 3, 1992) (fees and expenses of approximately 2% of the value of the assets to be acquired); and American Electric Power Company, Inc., et al., Holding Company Act Release No. 27186 (June 14, 2000), n. 40 (total fees, commissions and expenses of approximately $72.7 million, representing 1.1% of the value of the total consideration paid by American Electric Power to the shareholders of Central and South West Corp.).

c. Section 10(b)(3).

Section 10(b)(3) requires the Commission to determine whether the Transaction will "unduly complicate the capital structure" or be "detrimental to the public interest or the interest of investors or consumers or the proper functioning" of the Ameren system.

The capital structure of the Ameren system will not change materially as a result of the Transaction. In the Transaction, Ameren will acquire 100% of the issued and outstanding common stock of Illinois Power. Hence, the Transaction will not create any publicly-held minority stock interest in the voting securities of any public utility company. The outstanding debt securities and preferred stock of Illinois Power will also remain as outstanding obligations of Illinois Power and will not be recourse to Ameren or any other company in the Ameren system.

Set forth below are summaries of the capital structures of Ameren and Illinois Power as of December 31, 2003, and the pro forma consolidated capital structure of Ameren (assuming the Transaction had been consummated on December 31, 2003):

Ameren and Illinois Power Historical Consolidated Capital Structures

	Ameren		Illinois Power	
Common stock equity	$4,354,000,000	46.9%	$1,484,900,000	43.0%
Preferred securities	$182,000,000	1.9%	$45,800,000	1.3%
Long-term debt *	$4,091,000,000	44.1%	$1,780,200,000	51.5%
Short-term debt **	$659,000,000	7.1%	$145,000,000	4.2%
Total	$9,286,000,000	100.0%	$3,455,900,000	100.0%

Ameren Pro Forma Consolidated Capital Structure
(dollars in millions) (unaudited)

Common stock equity	$5,504,000,000	46.4%
Preferred securities	$228,000,000	1.9%
Long-term debt *	$5,121,000,000	43.2%
Short-term debt **	$1,004,000,000	8.5%
Total	$11,867,000,000	100.0%

* Includes mandatorily redeemable preferred stock. Also, in the case of Illinois Power, includes $345,600,000 of transitional funding trust notes issued by IPSPT.
** Includes current maturities of long-term debt.

As the foregoing shows, Ameren's pro forma consolidated common equity to total capitalization ratio of 46.4% will comfortably exceed the "traditionally acceptable 30% level." See Northeast Utilities, 50 S.E.C. at 440, n. 47. As a result of the Transaction and related recapitalization of Illinois Power, the Intercompany Note will be retired and approximately $1 billion of accumulated deferred income taxes will be removed from Illinois Power's balance sheet. Ameren has made a commitment to increase common equity as a percentage of Illinois Power's total capitalization (including short-term debt) to 50-60% by December 31, 2006. The Transaction will have no effect on the capitalization of AmerenUE, AmerenCIPS, AmerenCILCO, or AERG, Ameren's other public-utility subsidiaries. Common equity as a percentage of capitalization of each of these companies is and will remain well over 30%.

Section 10(b)(3) also requires the Commission to determine whether the proposed combination will be detrimental to the public interest, the interests of investors or consumers or the proper functioning of the combined Ameren system. The proposed combination of Ameren and Illinois Power is entirely consistent with the proper functioning of a registered holding company system. Ameren's and Illinois Power's electric utility operations are contiguous and interconnected and will be operated as a single interconnected and coordinated system following the Transaction. Likewise, Ameren's existing gas utility operations and Illinois Power's gas operations, which serve adjoining areas of Illinois and Missouri, will be coordinated following the Transaction.

The Transaction will result in substantial, and otherwise unavailable, savings and benefits to the public and to consumers and investors of both companies. Moreover, the Transaction must be approved by both the ICC and the

FERC, which ensures that the interests of customers will be adequately protected. Among other things, both of those agencies will review the proposed Transaction for its possible adverse effects on competition in relevant markets. For these reasons, Ameren believes that the Transaction will be in the public interest and the interest of investors and consumers and will not be detrimental to the proper functioning of the resulting holding company system.

3.3 Section 10(c).

Section 10(c) of the Act provides that, notwithstanding the provisions of Section 10(b), the Commission shall not approve:

(1) an acquisition of securities or utility assets, or of any other interest, which is unlawful under the provisions of section 8 or is detrimental to the carrying out of the provisions of section 11; or

(2) the acquisition of securities or utility assets of a public utility or holding company unless the Commission finds that such acquisition will serve the public interest by tending towards the economical and the efficient development of an integrated public utility system.

a. Section 10(c)(1).

(a) The Transaction will be lawful under Section 8.

Section 10(c)(1) first requires that the Transaction be lawful under Section 8. That section was intended to prevent holding companies, by the use of separate subsidiaries, from circumventing state restrictions on common ownership of gas and electric operations. The Transaction will not result in any new situation of common ownership of so-called "combination" systems within a given state. Illinois Power already provides electric and gas service in overlapping areas of Illinois. Moreover, the ICC has jurisdiction over the Transaction. Accordingly, the Transaction does not raise any issue under Section 8.

(b) The Transaction will not be detrimental to carrying out the provisions of Section 11.

Section 10(c)(1) also requires that the Transaction not be "detrimental to the carrying out of the provisions of section 11." Section 11(b)(1), in turn, directs the Commission generally to limit a registered holding company "to a single integrated public-utility system," either electric or gas. An exception to this requirement, as discussed below, is provided in Section 11(b)(1)(A) - (C) (the "ABC clauses"), which permits a registered holding company to retain one or more additional (i.e., secondary) integrated public-utility systems if the system satisfies the criteria of the ABC clauses. In the 1997 Merger Order, the Commission determined that Ameren's primary system, comprised of the electric utility facilities of AmerenUE and AmerenCIPS, constitutes an integrated electric utility system; and that the gas utility properties of AmerenUE and AmerenCIPS together constitute an integrated gas utility system that is retainable under the standards of the ABC clauses.

Likewise, in the CILCORP Order, the Commission determined that AmerenCILCO's electric utility assets and Ameren's primary electric utility system together comprises an integrated electric utility system, and that AmerenCILCO's gas utility properties, when added to Ameren's existing gas utility system, constitutes an integrated gas utility system that is retainable under the standards of the ABC clauses. At issue in this proceeding is whether Ameren's acquisition of Illinois Power, which also operates as both an electric and gas utility in substantially the same areas of Illinois, will result in a system that is "detrimental to the carrying out of the provisions of section 11."

As explained more fully below, the combination of the electric utility operations of AmerenUE, AmerenCIPS, AmerenCILCO (including the generating assets of AmerenCILCO now held by AERG) and Illinois Power will result in a single, integrated electric utility system. In addition, the combination of Illinois Power's gas utility properties with those of AmerenUE, AmerenCIPS and AmerenCILCO will comprise an integrated gas utility system that may be retained by Ameren as an additional system under the ABC clauses of Section 11(b)(1). These standards are addressed below.

(i) Integration of Electric Operations.

The threshold question is whether the electric utility properties of Illinois Power can be combined with those of AmerenUE, AmerenCIPS, AmerenCILCO and AERG to form a single "integrated public-utility system," which, as applied to electric utility companies, is defined in Section 2(a)(29)(A) to mean:

a system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utility companies, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation.

Reading the statutory definition closely, there are four distinct and separate components of integration, as applied to an electric system: physical interconnection; coordination; limitation to a single area or region; and no impairment of localized management, efficient operation, and the effectiveness of regulation. See National Rural Electric Cooperative Association v. Securities and Exchange Commission, 276 F.3d 609 at 611 (D.C. Cir. 2002). The Transaction satisfies each of these tests.

A. Interconnection. The first requirement for an integrated electric utility system is that the electric generation and/or transmission and/or distribution facilities comprising the system be "physically interconnected or capable of physical interconnection." As previously noted, the electric service areas of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power in Illinois are adjacent and their facilities are physically interconnected at

numerous points (see Exhibit K). Under traditional analysis, this fact alone satisfies the interconnection requirement. See e.g., Energy East, et al., Holding Company Act Release No. 27546 (June 27, 2002).

B. Coordination. Historically, the Commission has interpreted the requirement that an integrated electric system be economically operated under normal conditions as a single interconnected and coordinated system "to refer to the physical operation of utility assets as a system in which, among other things, the generation and/or flow of current within the system may be centrally controlled and allocated as need or economy directs." See, e.g., Conectiv, Inc., Holding Co. Act Release No. 26832 (Feb. 25, 1998), citing The North American Company, 11 S.E.C. 194, 242 (1942), aff'd, 133 F.2d
148 (2d Cir. 1943), aff'd on constitutional issues, 327 U.S. 686 (1946). The Commission has noted that, through this standard, "Congress intended that the utility properties be so connected and operated that there is coordination among all parts, and that those parts bear an integral operating relationship to one another." See Cities Service Co., 14 S.E.C. 28 at 55 (1943). Traditionally, the most obvious indicia of "coordinated operations" was the ability to jointly dispatch all system generating units automatically on an economic basis in order to achieve the lowest overall cost of electricity. However, in recent cases, the Commission has recognized that joint economic dispatch is not per se a requirement for a finding of coordinated operations. See e.g., American Electric Power Company, Inc., Holding Co. Act Release No. 27186 (June 14, 2000); Exelon Corporation, Holding Co. Act Release No. 27256 (Oct. 19, 2000); and CP&L Energy, Inc., Holding Co. Act Release No. 27284 (Nov. 27, 2000).

Since Illinois Power does not own any material generating assets, the coordination of electric utility operations between Illinois Power and Ameren's other utility subsidiaries will not be achieved through joint dispatch of generating facilities. Notwithstanding, after the Transaction closes, there will be a high degree of coordination in both energy supply and energy delivery functions of the two companies. For example, the actual management and staffing of many of the separate control area functions of Ameren and Illinois Power will be centralized in Ameren Services' Energy Supply department, which will manage the day-to-day operations of the combined transmission systems of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power. Ameren's and Illinois Power's respective Energy Delivery groups will also be combined for reporting purposes under a single manager within Ameren Services. The Energy Delivery groups will jointly manage transmission and distribution construction, maintenance programs and emergency restoration services, will have access to each other's electric and gas training facilities, and will share certain existing information systems. Illinois Power will also benefit from having greater access to supplemental equipment and critical spare parts used in responding to emergency conditions.

Finally, because AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power are, or will become, directly or indirectly, members of MISO, their transmission assets will be under common day-to-day control and management. Thus, in terms of both generation and transmission facilities, there will be a high degree of coordination.

Under Section 2(a)(29)(A), the Commission must also find that the resulting interconnected and coordinated system may be "economically operated." This calls for a determination that coordinated operation of the combined company's facilities is likely to produce economies and efficiencies. The question of whether a combined system will be economically operated under Section 10(c)(2) and Section 2(a)(29)(A) was recently addressed by the U.S. Court of Appeals in Madison Gas and Electric Company v. SEC, 168 F.3d 1337 (D.C. Cir. 1999). In that case, the court determined that in analyzing whether a system will be economically coordinated, the focus must be on whether the acquisition "as a whole" will "tend toward efficiency and economy." Id. at 1341. As discussed below, the Transaction will meet this standard.

In short, all aspects of the combined system will be centrally directed and efficiently planned and coordinated. As with other utility combinations approved by the Commission, the combined system will be capable of being economically operated as a single interconnected and coordinated system as demonstrated by the variety of means through which its operations will be coordinated and the efficiencies and economies expected to be realized by the proposed transaction.

C. Single Area or Region. As required by Section 2(a)
(29)(A), the operations of Ameren following the Transaction will be confined to a "single area or region in one or more States." The retail service area of the Ameren system will continue to be confined to the two adjoining states (Missouri and Illinois) in which Ameren already operates. Moreover, as indicated, subject to receiving regulatory approvals, AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power all intend to transfer functional control over their transmission systems to the MISO.

D. Size. The final clause of Section 2(a)(29)(A) requires the Commission to look to the size of the combined system (considering the state of the art and the area or region affected) and its effect upon localized management, efficient operation, and the effectiveness of regulation. In the instant matter, these standards are easily met. The size of the Ameren electric system will not impair the advantages of localized management, efficient operation or the effectiveness of regulation. Instead, the proposed Transaction will actually increase the efficiency of operations.

Localized Management -- Although Illinois Power will necessarily come under new management as a result of the Transaction, it will continue to exist as a separate legal entity and will continue to operate through regional offices with local service centers and line crews available to respond to customers' needs. This operational structure, which is similar to that currently in place at AmerenUE, AmerenCIPS, and AmerenCILCO, will permit the local, district and regional management teams of Illinois Power to budget for operation of the electric distribution system and to schedule work forces in order to provide the same (or better) quality of service to customers of Illinois Power./31/ In short, Illinois Power will continue to be managed on a day-to-day basis at a

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31 In the ICC application (Exh. D-1 hereto), Illinois Power and Ameren have committed, among other things, to maintain Illinois Power's headquarters in Decatur for at least five years after the Transaction closes and to limit workforce reductions to not more than 25 employees for a period of four years after closing, other than workforce reductions that occur through attrition and voluntary separation programs.

local level, particularly in areas that must be responsive to local needs. Accordingly, the advantages of localized management will not be impaired.

Efficient Operation -- As discussed below in the analysis of Section 10(c)(2), the Transaction will result in greater economies and efficiencies. Operations will be more efficiently performed on a centralized basis because of economies of scale, standardized operating and maintenance practices and closer coordination of system-wide matters.

Effective Regulation -- The Transaction will not impair the effectiveness of regulation at either the state or federal level. Illinois Power will continue to be regulated by the ICC with respect to retail rates, service, securities issuances and other matters, and by FERC with respect to interstate electric sales for resale and transmission services.

(ii) Integration of Gas Operations.

The gas utility properties of Illinois Power, when added to those owned by AmerenUE, AmerenCIPS, and AmerenCILCO, will form an "integrated gas-utility system," which is defined in Section 2(a)(29)(B) to mean:

a system consisting of one or more gas utility companies which are so located and related that substantial economies may be effectuated by being operated as a single coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation: Provided, That gas utility companies deriving natural gas from a common source of supply may be deemed to be included in a single area or region.

Thus, the definition of an integrated gas-utility system has three distinct parts, each of which will be satisfied in this case.

A. Coordination.In order to find coordination among the gas-utility companies in the same holding company system, the Commission has historically focused primarily on the operating economies that may be effectuated through coordinated management of gas supply portfolios (i.e., gas purchase arrangements, transportation agreements, and storage assets), the access of the gas-utility companies in the same holding company system to common market and supply-area hubs, the functional merger of separate gas supply departments under common management, and sharing of data management software systems. See NIPSCO Industries, Inc., 53 S.E.C. 1296 at 1306 - 1309 (1999); New Century Enterprises, Inc., Holding Co. Act Release No. 27212 (Aug. 16, 2000). The Commission has also recognized that substantial operating economies can be achieved through access to the resources of an affiliated gas marketer. See Sempra Energy, 53 S.E.C. 1242 at 1251 - 1252 (1999).

AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power currently manage similar physical properties and contractual assets: natural gas supply and transportation contracts and owned and leased storage capacity. Following the acquisition of Illinois Power, Ameren Fuels will enter into a fuel services agreement with Illinois Power that is substantially identical to the existing Fuel Services Agreements between Ameren Fuels and AmerenUE, AmerenCIPS, and AmerenCILCO. Under these agreements, personnel of Ameren Fuels will manage all of the natural gas supply, transportation and storage activities on behalf of the four utility companies. This will include procuring natural gas supply, transportation services and storage capacity; negotiating agreements; nominating and scheduling gas deliveries; balancing system demand and supply; and performing state and federal regulatory responsibilities, in each case as agent for the three companies. In order to perform these functions, Ameren Fuels personnel will utilize both Ameren's and Illinois Power's existing Supervisory Control and Data Acquisition ("SCADA") systems, which are connected, through dedicated communications links, to hundreds of locations where gas measurement, pressure regulation, and odorization are monitored. The SCADA systems will also be used to monitor and control injections and withdrawals from all on-system storage fields.

Other areas in which the gas operations of Ameren's current utilities and Illinois Power will likely be coordinated include centralized management of gas price hedging activities, monitoring compliance with pipeline safety regulations (including inspection and maintenance programs), and training programs.

B. Single Area or Region. The combined gas system of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power will also be confined to Missouri and Illinois. The areas served in Illinois are mostly contiguous. The high pressure distribution and transmission systems currently operated by Ameren are connected to eight interstate pipelines: Panhandle Eastern Pipe Line Company ("Panhandle"), Trunkline Gas Company ("Trunkline"), Texas Eastern Transmission Corporation, Natural Gas Pipeline Company of America, Inc. ("NGPL"), Texas Gas Transmission Corporation, Midwestern Gas Transmission Corporation, ANR Pipeline Company ("ANR") and Mississippi River Transmission Corporation ("MRT"). The high pressure distribution and transmission systems currently operated by Illinois Power are connected to five of these interstate pipelines: Panhandle, Trunkline, MRT, NGPL and ANR. These common pipelines will give all of Ameren's utility subsidiaries access to gas supplies produced in the Mid-Continent region (Kansas and the Texas/Oklahoma Panhandle) and Gulf Coast onshore and offshore (Louisiana and Texas) producing areas and, to a lesser extent, the Rocky Mountain and western Canada producing basins. Thus, the four utilities will share a "common source of supply."

C. Size. For the same reasons given above in connection with the discussion of impacts of the Transaction on the combined electric system, localized management, efficient operation, and the effectiveness of regulation will not be impaired by the resulting size of the integrated gas utility system.

(c) Retention of Combined Gas System.

As indicated, under the "ABC clauses" of Section 11(b)(1), a registered holding company can own "one or more" additional integrated public utility systems if certain conditions are met. Specifically, the Commission must find that (A) the additional system "cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control by such holding company of such system," (B) the additional system is located in one state or adjoining states, and (C) the combination of systems under the control of a single holding company is "not so large . . . as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation."

(i) Loss of Economies.

Clause A requires a showing that each additional integrated system (in this case, the integrated gas utility system formed by combining the operations of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power) cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control by a holding company of such system. Historically, the Commission has considered four ratios as a "guide" to determining whether lost economies would be "substantial" under Section 11(b)(1)(A). Specifically, the Commission has considered the estimated loss of economies expressed in terms of the ratio of increased expenses to the system's total operating revenues, operating revenue deductions, gross income and net income. See Engineers Public Service Co., 12 SEC 41 (1942), rev'd on other grounds and remanded, 138 F. 2d 936 (DC Cir. 1943), vacated as moot, 332 US 788 (1947) ("Engineers"), and New England Electric System, 41 S.E.C. 888, 893 - 899 (1964). In Engineers, the Commission suggested that cost increases resulting in a 6.78% loss of operating revenues, a 9.72% increase in operating revenue deductions, a 25.44% loss of gross income, and 42.46% loss of net income would afford an "impressive basis for finding a loss of substantial economies" associated with a divestiture. 12 SEC at 59. More recently, the Commission has indicated that it will no longer require a comparison of resulting loss ratios to those in earlier cases. See CP&L Energy, Inc., Holding Co. Act Release No. 27284 (Nov. 27, 2000), fn. 40.

In its early decisions, the Commission considered the increases in operational expenses that were anticipated upon divestiture, but also took into account, as offsetting benefits, the significant competitive advantages that were perceived to flow from a separation of gas and electric operations. The Commission's assumption was that a combination of gas and electric operations is typically disadvantageous to the gas operations and, hence, the public interest and the interests of investors and consumers would be benefited by a separation of gas from the electric operations. In more recent cases, however, the Commission has recognized that these assumptions are outdated and that the historical ratios do not provide an adequate indication of the substantial loss of economies that may occur by forcing a separation of electric and gas. Specifically, beginning with its decision in New Century Energies, Inc., 53 S.E.C. 54 (1997), the Commission took notice of the changing circumstances in today's electric and gas industries, notably the increasing convergence of the electric and gas industries. The Commission concluded that, "in these circumstances, separation of gas and electric businesses may cause the separated entities to be weaker competitors than they would be together. This factor adds to the quantifiable loss of economies caused by increased costs." 53 S.E.C. at

76. This view was repeated in subsequent cases, including the 1997 Merger Order and WPL Holdings, Inc., 53 S.E.C. 501 (1997). The Commission has also recognized that revenue enhancement opportunities and other benefits likely to be realized from a "convergence" merger would be diminished or lost if the Commission forced a divestiture of the additional system. See SCANA Corp., Holding Co. Act Release No. 27133 (Feb. 9, 2000); and Northeast Utilities, Holding Co. Act Release No. 27127 (Jan. 31, 2000).

Ameren will prepare an analysis (the "Divestiture Study") that quantifies the estimated economic impact of a divestiture of the combined gas operations of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power into a new, stand-alone company (referred to here as "New GasCo"). The Divestiture Study will be filed by amendment as Exhibit H hereto.

Finally, in its analysis of clause A, the Commission has also taken into account the historical association of the electric and gas operations and the views of the interested state commissions. New Century Energies, 53 S.E.C. at
78. As in that case, the electric and gas assets of both Illinois Power and Ameren's current utility subsidiaries have been under common control for many years, and the Transaction will not alter the status quo. Further, the Missouri Public Service Commission, which has jurisdiction over AmerenUE, and the ICC, which has jurisdiction over both AmerenUE and AmerenCIPS, did not object at the time that the Ameren system was formed to the continued ownership of both electric and gas utility operations in a single system. The ICC had another opportunity to consider this issue in connection with its approval of Ameren's acquisition of CILCORP.

(ii) Same State or Adjoining States.

The proposed Transaction does not raise any issue under
Section 11(b)(1)(B) of the Act, as the gas utility properties of New GasCo are located and operate exclusively in Illinois and Missouri, the same two States in which AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power already operate as electric utilities. Thus, the requirement that each additional system be located in one State or adjoining States is satisfied.

(iii) Size.

Further, retention of the combined gas utility business does not raise any issues under Section 11(b)(1)(C) of the Act. The combination of both electric and gas utility systems under the control of a single holding company will be "not so large ... as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation." As the Commission has recognized, the determinative consideration is not size alone or size in an absolute sense, either big or small, but size in relation to its effect, if any, on localized management, efficient operation and effective regulation. From these perspectives, it is clear that the continued ownership of the combined gas system by Ameren is not too large.

As of December 31, 2003, and giving effect to the Transaction, the operations of New GasCo would represent only about 7% of Ameren's post-Transaction gross utility plant, and only about 18% of Ameren's post-Transaction net operating revenues.

As indicated, the gas procurement functions of Illinois Power, AmerenUE, AmerenCIPS, and AmerenCILCO will be centralized in Ameren Fuels. Ameren Fuels will administer the combined portfolios of natural gas supply, transportation and storage contracts as agent for all four companies. In most other respects, the local operations of Illinois Power will continue to be handled from Illinois Power's local and regional operations centers, with supplemental support provided by other Ameren system companies with personnel and other resources in close proximity. Thus, the advantages of localized management will be preserved.

(d) Retention of Illinois Power's Non-Utility Subsidiaries and Investments.

Section 11(b)(1) permits a registered holding company to retain "such other businesses as are reasonably incidental, or economically necessary or appropriate, to the operations of [an] integrated public utility system." The Commission has historically interpreted this provision to require an operating or "functional" relationship between the non-utility activity and the system's core utility business. See, e.g. Michigan Consolidated Gas Co., 44 S.E.C. 361
(1970), aff'd, 444 F.2d 913 (D.C. Cir. 1971); United Light and Railways Co., 35 S.E.C. 516 (1954); CSW Credit, Inc., 51 S.E.C. 984 (Mar. 2, 1994); and Jersey Central Power and Light Co., Holding Co. Act Release No. 24348 (Mar. 18, 1987). In addition, the Commission has permitted new registered holding companies to retain passive investments which, although not meeting the functional relationship test, could nevertheless be acquired under the standards of Section 9(c)(3) of the Act.

As described in Item 1.3, Illinois Gas Supply was formed for the purpose of acquiring interests in oil and gas leases./32/ Illinois Power's other non-utility subsidiaries are special purpose financing subsidiaries,/33/ or entities that are inactive (and in some cases in the process of liquidation). Thus, all of Illinois Power's non-utility subsidiaries are retainable under the standards of Section 11(b)(1).

b. Section 10(c)(2).

The Commission and the courts have interpreted Section 10(c)(2) of the Act to require that, in addition to satisfying the four single-integrated-system requirements of Section 2(a)(29)(A), a proposed acquisition of an electric utility company must also produce net efficiencies and economies. National Rural Electric Cooperative Association, 276 F.3rd at 611 (citing Wisconsin's Environmental Decade, Inc. v. SEC, 882 F.2d 523, 528 (D.C. Cir. 1989). In this case, the Transaction will "serve the public interest by tending toward the economical and efficient development of an integrated public

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32 The Commission has authorized other registered electric utility holding companies to acquire or retain interests in companies engaged in natural gas exploration, production, gathering, processing and storage. See e.g., Progress Energy, Inc., Holding Co. Act Release No. 27673 (May 5, 2003); Cinergy Corp., Holding Co. Act Release No. 27717 (Aug. 29, 2003).

33 The Commission has also authorized registered holding companies to acquire the securities of companies organized exclusively for the purpose of facilitating the issuance of securities. See e.g., Ameren Corporation, et al., Holding Co. Act Release No.10159 (Dec. 18, 2003).

utility system," and therefore will satisfy the requirements of Section 10(c)(2) of the Act.

The Transaction will produce economies and efficiencies that are sufficient (given the size of the Transaction) to satisfy the standards of Section 10(c)(2) of the Act. Although some of the anticipated economies and efficiencies will be fully realized only in the longer term, they are properly considered in determining whether the standards of Section 10(c)(2) have been met. See AEP, 46 S.E.C. at 1320 - 1321. Some potential benefits cannot be precisely estimated; nevertheless, they too are entitled to be considered. As the Commission has observed, "[s]pecific dollar forecasts of future savings are not necessarily required; a demonstrated potential for economies will suffice even when these are not precisely quantifiable." Centerior Energy Corp., 49 S.E.C. at 480.

The Transaction will benefit Illinois Power's customers in several important respects. Presently, Illinois Power has below investment grade ratings, which has prevented Illinois Power from accessing lower cost sources of capital. The Transaction and subsequent recapitalization of Illinois Power will result in significant improvement of Illinois Power's credit ratings, enhance its access to capital, and lower its capital costs for the long term./34/ It is expected that one of the major ratings agencies will rate Illinois Power's long-term debt investment grade subsequent to closing. These benefits will be passed on to consumers.

The integration of Illinois Power into the Ameren system will also allow Illinois Power, and therefore its customers, to benefit from economies of scale associated with a larger energy procurement function and delivery system. In this regard, Ameren has committed to make additional investments in Illinois Power's infrastructure. Specifically, Ameren has committed that Illinois Power will make capital expenditures of at least $275 million to $325 million in its system in the first two years after the Transaction closes.

The Transaction is also expected to produce cost savings through purchasing economies, elimination of duplicate energy delivery services (such as transmission and distribution system maintenance programs, call center operations, customer services, etc.) and limited staff reductions. Ameren estimates that ongoing pre-tax savings associated with non-fuel operations and maintenance expenses will be approximately $13 million per year.

Ameren estimates that, in order to achieve the projected level of savings, approximately $19 million in one-time transition expenses will be incurred. These expenditures are required principally to enable Illinois Power to utilize Ameren's systems and to pay for relocation and severance costs and facilities integration.

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34 As previously described, Illinois Power currently does not have a facility in place to access working capital through short-term borrowings. Further, additional long-term debt financing has been made available to Illinois Power only at relatively high interest rates with restrictive covenants. Following the Transaction, Illinois Power will have the ability to access the capital markets on more reasonable terms, as well as the ability to borrow under the Utility Money Pool and/or directly from Ameren.

Although these quantifiable savings are modest in relation to savings that have been projected in other recent merger cases approved by the Commission, they are nevertheless meaningful in relation to the overall Transaction size. Moreover, Ameren expects that the aggregate of all potential savings, as described above, will exceed the cost to achieve such savings and that the Transaction will be accretive to earnings by 5 to 10 cents per share in the first year after the Transaction is completed.

3.4 Section 10(f).

Section 10(f) provides that:

The Commission shall not approve any acquisition as to which an application is made under this section unless it appears to the satisfaction of the Commission that such State laws as may apply in respect of such acquisition have been complied with, except where the Commission finds that compliance with such State laws would be detrimental to the carrying out of the provisions of section 11.

As previously indicated, the Transaction is subject to approval by the ICC. In addition, closing conditions under the Amended SPA are designed to assure compliance with all other applicable State laws.

3.5 Intra-system Transactions.

The sale of goods and services to Illinois Power and its subsidiaries following the effective date of the Transaction pursuant to the Service Agreement and the Fuel Services Agreement will be carried out in accordance with the requirements and provisions of Section 13(b) of the Act and Rules 87, 90 and 91.

The acquisition of Illinois Power will not necessitate any change in the organization of Ameren Services, the type and character of the companies to be served, the methods of allocating costs to associate companies, or the scope or character of the services to be rendered. However, subject to Ameren's commitment to the ICC regarding work force reductions, it is contemplated that certain employees of Illinois Power may be transferred to and become employees of Ameren Services after the Transaction closes.

3.6 Rule 54 Analysis.

Rule 54 provides that the Commission shall not consider the effect of the capitalization or earnings of any EWG or "foreign utility company" ("FUCO"), as defined in Sections 32 and 33, respectively, in which a registered holding company holds an interest in determining whether to approve any transaction unrelated to any EWG or FUCO if the requirements of Rule 53 (a), (b) and (c) are satisfied. These standards are met.

Rule 53(a)(1): Ameren's "aggregate investment" (as defined in Rule 53(a)(1)) in EWGs as of December 31, 2003 was $425,165,404, or approximately 23.4% of Ameren's "consolidated retained earnings" (also as defined in Rule

53(a)(1)) for the four quarters ended December 31, 2003 ($1,813,903,019). On a pro forma basis, to take into account Ameren's acquisition of IGC's 20% interest in EEInc, Ameren's "aggregate investment" would be $550,165,404, or about 30.3% of "consolidated retained earnings" for the four quarters ended December 31, 2003. Ameren does not currently hold an interest in any FUCO.

Rule 53(a)(2): Ameren will maintain books and records enabling it to identify investments in and earnings from each such EWG and FUCO in which it directly or indirectly acquires and holds an interest. Ameren will cause each domestic EWG in which it acquires and holds an interest, and each foreign EWG and FUCO that is a majority-owned subsidiary, to maintain its books and records and prepare its financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). All of such books and records and financial statements will be made available to the Commission, in English, upon request.

Rule 53(a)(3): No more than 2% of the employees of Ameren's domestic public utility subsidiaries (including Illinois Power and AERG) will, at any one time, directly or indirectly, render services to EWGs and FUCOs.

Rule 53(a) (4): Ameren will submit a copy of each Application or Declaration, and each amendment thereto, relating to any EWG or FUCO, and will submit copies of any Rule 24 certificates required thereunder, as well as a copy of the relevant portions of Ameren's Form U5S, to each of the public service commissions having jurisdiction over the retail rates of Ameren's domestic public utility subsidiaries.

In addition, Ameren states that the provisions of Rule 53(a) are not made inapplicable to the authorization herein requested by reason of the occurrence or continuance of any of the circumstances specified in Rule 53(b). Rule 53(c) is inapplicable by its terms.

ITEM 4. REGULATORY APPROVALS.

4.1 Illinois Commerce Commission.

The Transaction is subject to the approval of the ICC. In order to approve the Transaction, Section 7-204 of the Illinois Public Utilities Act requires that the ICC find that: (a) the Transaction will not diminish Illinois Power's ability to provide adequate, reliable, efficient, safe and least-cost public utility service; (b) the Transaction will not result in the unjustified subsidization of non-utility activities by Illinois Power or its customers; (c) the costs and facilities of Illinois Power are fairly and reasonably allocated between utility and non-utility activities in a manner such that the ICC may identify those costs and facilities which are properly included by the utility for ratemaking purposes; (d) the Transaction will not significantly impair Illinois Power's ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure; (e) Illinois Power will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities; (f) the Transaction is not likely to have a significant adverse effect on competition in those markets over which the ICC has jurisdiction; and (g) the Transaction is not likely to result in any adverse rate impacts on retail customers.

The ICC also must approve Illinois Power's request to enter into the Fuel and Natural Gas Services Agreement, the Utility Money Pool Agreement, the GSA, and the Ameren system tax allocation agreement, to make direct short-term borrowings from Ameren, and to eliminate the Intercompany Note. Requests for these approvals are contained in the ICC application.

A copy of the application filed with the ICC is filed herewith as Exhibit D-1.

4.2 Federal Energy Regulatory Commission.

Under Section 203 of the Federal Power Act, the FERC is directed to approve a merger if it finds such merger consistent with the public interest. In reviewing transactions under the standards of Section 203, the FERC generally evaluates: whether the merger will adversely affect competition; whether the merger will adversely affect rates; and whether the merger will impair the effectiveness of regulation. A copy of the joint application filed with the FERC seeking approval of the Transaction (and of the related acquisition of IGC's 20% interest in EEInc) under the Federal Power Act is filed herewith as Exhibit D-3.

4.3 HSR Act.

Under the HSR Act, and the rules promulgated thereunder by the FTC, the Transaction may not be consummated until Ameren and Dynegy file notifications and provide certain information to the FTC and the DOJ and specified waiting period requirements are satisfied. Even after the HSR Act waiting period expires or terminates, the FTC or the DOJ may later challenge the Transaction on antitrust grounds. If the Transaction is not completed within 12 months after the expiration or earlier termination of the initial HSR Act waiting period, the parties would be required to submit new information under the HSR Act and a new waiting period would begin. Ameren and Dynegy have filed the required notification statements with the FTC and DOJ.

4.4 Federal Communications Commission.

In connection with the Transaction, the Federal Communications Commission ("FCC") must authorize Illinois Power to transfer various communications licenses that it holds. A copy of the application filed with the FCC to request such authorization is filed herewith as Exhibit D-5.

Except as described above, no other state or federal commission, other than this Commission, has jurisdiction over the proposed Transaction or other related transactions.

ITEM 5. PROCEDURE.

The Applicants request that the Commission issue a notice under Rule 23 with respect to the filing of this Application/Declaration as soon as practicable, and issue an order approving the Application/Declaration as soon as its rules permit after the end of the required notice period but by no later than October 1, 2004. The Applicants request that there should not be a 30-day waiting period between issuance of the Commission's order and the date on which the order is to become effective; waive a recommended decision by a hearing

officer or other responsible officer of the Commission; and consent to the participation by the Division of Investment Management in the preparation of the Commission's decision and/or order, unless the Division of Investment Management opposes the matters proposed herein.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS.

a. Exhibits.

A-1 Restated Articles of Incorporation of Ameren Corporation (incorporated by reference to Annex F to Ameren's Registration Statement on Form S-4 in File No. 33-64165).

A-2 Certificate of Amendment to the Restated Articles of Incorporation of Ameren Corporation, as filed with the Secretary of State of the State of Missouri on December 14, 1998 (incorporated by reference to Exhibit 3(i) to Ameren's Annual Report on Form 10-K for the year ended December 31, 1998 in File No. 1-14756).

A-3 Amended and Restated Articles of Incorporation of Illinois Power Company, dated September 7, 1994 (incorporated by reference to Exhibit 3(a) to Illinois Power's Current Report on Form 8-K dated September 7, 1994 (File No. 1-3004)).

A-4 Amendment to the Articles of Incorporation of Illinois Power Company (incorporated by reference to Exhibit 4.1(ii) to Illinois Power's Registration Statement on Form S-3/A, dated April 12, 2002, in File No. 333-84808).

A-5 Bylaws of Illinois Power Company (incorporated by reference to Exhibit 3(b)(1) to the Illinois Power's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-3004)).

B-1 Stock Purchase Agreement, dated as of February 2, 2004, among Ameren Corporation, Illinova Corporation, Illinova Generating Company, and Dynegy Inc. (certain Exhibits and Schedules filed confidentially pursuant to Rule 104).

B-1(a) Amendment No. 1 to Stock Purchase Agreement, dated as of March 23, 2004, by and among Ameren Corporation, Illinova Corporation, Illinova Generating Company, and Dynegy Inc.

B-2 Ameren System Utility Money Pool Agreement (incorporated by reference to Exhibit B to Form U-1 Application/Declaration, dated November 25, 1998, in File No. 70-9423).

B-3 Fuel and Natural Gas Services Agreement between Ameren Fuels and Illinois Power (to be filed by amendment).

C Registration Statement on Form S-3 ("shelf" registration), as amended (incorporated by reference to File Nos. 333-89970, 333-89970-01, and 333-89970-02).

D-1 Application to the Illinois Commerce Commission for Approval of Transaction.

D-2 Order of the Illinois Commerce Commission Approving Transaction (to be filed by amendment).

D-3 Joint Application to the Federal Energy Regulatory Commission for Approval of Transaction.

D-4 Order of the Federal Energy Regulatory Commission (to be filed by amendment).

D-5 Application to the Federal Communications Commission. (Form SE - Continuing Hardship Exemption)

D-6 Notice of License Transfers by the Federal Communications Commission (to be filed by amendment).

E-1 Map of Electric Service Areas of Ameren and Illinois Power (to be filed by amendment). (Form SE - Required paper format filing)

E-2 Map of Gas Service Areas of Ameren and Illinois Power (to be filed by amendment). (Form SE - Required paper format filing)

F-1 Opinion of counsel to Ameren Corporation (to be filed by amendment).

F-2 Opinion of Wachtell, Lipton, Rosen and Katz, special counsel to Ameren Corporation (to be filed by amendment).

F-3 Opinion of special Illinois counsel to Ameren Corporation (to be filed by amendment).

F-4 Opinion of counsel to Illinois Power Company (to be filed by amendment).

G Proposed form of Federal Register notice.

H Analysis of the Economic Impact of a Divestiture of the Gas Operations of AmerenUE, AmerenCIPS, AmerenCILCO and Illinois Power (to be filed by amendment).

I List and description of outstanding long-term debt securities and preferred stock of Illinois Power Company as of December 31, 2003.

J Fairness Opinion of Goldman Sachs.

K List and description of existing electrical interconnection points between Illinois Power and Ameren system companies.

b. Financial Statements.

FS-1 Consolidated Balance Sheet and Statement of Income of Ameren Corporation as of and for the year ended December 31, 2003. (Incorporated by reference to the Annual Report on Form 10-K of Ameren Corporation for the year ended December 31, 2003, in File No. 1-14756).

FS-2 Consolidated Balance Sheet and Statement of Income of Illinois Power Company as of and for the year ended December 31, 2003. (Incorporated by reference to the Annual Report on Form 10-K of Illinois Power Company for the year ended December 31, 2003, in File No. 1-3004).

FS-3 Unaudited Pro Forma Combined Condensed Financial Statements of Ameren Corporation (to be filed by amendment).

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

The Transaction and other related transactions do not involve a "major federal action" nor will they "significantly affect the quality of the human environment" as those terms are used in section 102(2)(C) of the National Environmental Policy Act. The Transaction and other related transactions will not result in changes in the operation of the Applicants or their subsidiaries that will have an impact on the environment. The Applicants are not aware of any federal agency that has prepared or is preparing an environmental impact statement with respect to the Transaction and other related transactions.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, as amended, the undersigned companies have duly caused this Application/Declaration to be signed on their behalves by the undersigned thereunto duly authorized.

AMEREN CORPORATION
AMEREN ENERGY FUELS AND SERVICES COMPANY

By: /s/ Steven R. Sullivan
Name: Steven R. Sullivan
Title: Senior Vice President
Governmental/Regulatory Policy,
General Counsel and Secretary

ILLINOIS POWER COMPANY

By: /s/ Alisa B. Johnson
Name: Alisa B. Johnson
Title: Senior Vice President

Date: March 31, 2004

EXHIBIT B-1

STOCK PURCHASE AGREEMENT

among

AMEREN CORPORATION,

ILLINOVA CORPORATION,

ILLINOVA GENERATING COMPANY

and

DYNEGY INC.

Dated as of February 2, 2004

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT, dated as of February 2, 2004, is entered into by and among Ameren Corporation, a Missouri corporation ("Purchaser"), Illinova Corporation, an Illinois corporation ("Seller"), Illinova Generating Company, an Illinois corporation ("IGC"), and Dynegy Inc., an Illinois corporation ("Dynegy"). Dynegy, IGC and Seller are referred to herein as the "Dynegy Parties".

W I T N E S S E T H:

WHEREAS, Seller owns (a) 62,892,213 shares (the "Common Shares") of common stock, without par value, of Illinois Power Company, an Illinois corporation ("IPC"), constituting all of the outstanding common stock of IPC and (b) 662,924 shares (the "Preferred Shares") of preferred stock, $50 par value per share, of IPC, constituting approximately 73% of the issued and outstanding preferred stock of IPC, and IGC owns 12,400 shares of common stock, $100 par value per share, of Electric Energy, Inc. ("EEI"), an Illinois corporation (the "EEI Shares", and together with the Common Shares and the Preferred Shares, the "Shares");

WHEREAS, Dynegy has agreed, as an inducement to Purchaser, to enter into this Agreement;

WHEREAS, Seller, IGC, and IPC are wholly-owned subsidiaries of Dynegy (other than with respect to the outstanding shares of preferred stock of IPC that are not Preferred Shares);

WHEREAS, Seller and IGC desire to sell, and Purchaser desires to purchase, the Shares upon the terms and subject to the conditions set forth in this Agreement, and Dynegy and Purchaser desire to make an election under Section 338(h)(10) of the Code (as defined below) with respect to the purchase and sale of the Common Shares and the Preferred Shares; and

NOW, THEREFORE, in consideration of the premises and the mutual terms, conditions and agreements set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Accounting Firm" shall mean a nationally recognized accounting firm mutually acceptable to Seller and Purchaser.

"Action" shall mean any claim, order, demand, action, suit, arbitration, mediation, inquiry, proceeding or investigation by or before any Governmental Authority.

"Actual IP Contributions" shall mean the amount by which any cash contributions made by Dynegy or any of its Affiliates after the date hereof and prior to the Closing to any of the Seller Pension Plans or Seller's VEBAs with respect to the 2004 plan year results in an increase in the aggregate amounts

transferred to the Purchaser Pension Plans and the Purchaser's VEBAs over what would have been transferred to the Purchaser Pension Plans and the Purchaser's VEBAs pursuant to this Agreement had such contributions not been made prior to the Closing.

"Adjusted Working Capital" shall have the meaning set forth on Exhibit A.

"Affiliate" shall mean, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such specified Person.

"Agreement" shall mean this Purchase Agreement, dated as of the date hereof, among Purchaser, Seller, IGC and Dynegy (including the Exhibits and Schedules hereto), as amended, modified or supplemented from time to time.

"AmerGen Power Supply Agreement" shall mean the power purchase agreement dated June 30, 1999 by and between Illinois Power Company and AmerGen Energy Company, L.L.C ("AmerGen").

"Ancillary Agreements" shall mean the PPA, the Transition Services Agreement (if applicable), the Tier 2 Memorandum, the Escrow Agreement, the Blackstart Agreement, the Easement and Facilities Agreement, the Generation Agreement and the Termination Agreements.

"Applicable Rate" shall mean 2% plus the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City. Each change in such prime rate shall be effective from and including the date such change is publicly announced as being effective.

"Asset Transfer Agreements" shall mean (a) the Asset Transfer Agreement, dated as of October 1, 1999, between IPC and Seller, (b) the Bill of Sale and Assignment, effective as of August 31, 2001, between IPC and Seller and (c) the Assignment and Bill of Sale effective as of December 31, 2001, between IPC and Dynegy Midwest Generation, Inc.("DMG").

"Audit" shall mean any action, suit, audit, assessment or reassessment of Taxes, other examination by any Taxing Authority, or proceeding or appeal of such proceeding relating to Taxes.

"Blackstart Agreement" shall mean the agreement the form of which is set forth on Exhibit F.

"Business" shall mean the business conducted by the IPC Companies, including the transmission, distribution and sale of electric energy, which business is regulated as a public utility under PUHCA, and the distribution, transportation and sale of natural gas in the State of Illinois.

"Business Day" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.

"Code" shall mean the United States Internal Revenue Code of 1986, as amended.

"Company Group" shall mean any "affiliated group" (as defined in Section 1504(a) of the Code without regard to the limitations contained in Section 1504(b) of the Code) that, at any time on or before the Closing Date, includes or has included Seller or any IPC Company or any predecessor of or successor to Seller or any IPC Company (or another such predecessor or successor), or any other group of corporations that, with respect to any period on or before the Closing Date, files, has filed or will file Tax Returns on a combined, consolidated or unitary basis with Seller or any IPC Company or any predecessor of or successor to Seller or any IPC Company (or another such predecessor or successor).

"Confidentiality Agreement" shall mean the Confidentiality and Sales Process Agreement, dated July 23, 2003, between Dynegy and Purchaser.

"Contract" shall mean any contract, lease, sublease, license, indenture, instrument, agreement, commitment or other legally binding arrangement.

"Control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Controlled Group Liability" means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412 and 4971 of the Code, (iv) as a result of a failure to comply with the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, and (v) under corresponding or similar provisions of foreign laws or regulations, in each case with respect to or arising under or out of any "employee benefit plan," as defined in Section 3(3) of ERISA, maintained or otherwise contributed to by Dynegy, any Seller, or any of their subsidiaries at any time.

"DHI" shall mean Dynegy Holdings Inc., a Delaware corporation.

"Disclosure Schedules" shall mean the Schedules that qualify any representation or warranty contained in Article III and Schedule 1.1(b).

"Dynegy Group" shall mean the "affiliated group" (as defined in Section 1504(a) of the Code) of which Dynegy is the common parent, or any other group of corporations that files, has filed or will file Tax Returns on a combined, consolidated or unitary basis with Dynegy (and, in each case, any predecessor or successor to such group).

"Enforceable" shall mean, with respect to a Contract, such Contract being "enforceable" if it is the legal, valid and binding obligation of the applicable Person enforceable against such Person in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and general principles of equity.

"Environmental Laws" shall mean United States federal, state, and local environmental protection, health and safety or similar Laws imposing liability or establishing standards of conduct for protection of the environment or human health and safety (not to include state or federal workplace safety issues), including the federal Clean Water Act, Safe Drinking Water Act, Resource Conservation and Recovery Act, Clean Air Act, Toxic Substances Control Act, CERCLA and Emergency Planning and Community Right to Know Act, and similar state and local laws, each as amended and in effect on the date hereof.

"Equity Interest" shall mean any capital stock or other equity securities of any Person, any securities convertible into or exercisable or exchangeable for capital stock or other equity securities of such Person.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Environmental Matters" shall mean (a) any actual or alleged, known or unknown, violation of Environmental Law at any time prior to the Closing Date in connection with the Business or any of the IPC Assets, or (b) the actual or alleged, known or unknown, presence or Release of any Hazardous Substances at any time prior to the Closing Date in soil, sediment, surface water, groundwater, air or any structure at any IPC Asset or any site formerly owned or operated by the Business (including the sites in items 10, 11 and 13 on Schedule 3.11), including any migration of those Hazardous Substances from any IPC Asset or foregoing site to an off-site location; or (c) any Hazardous Substances generated by the Business prior to the Closing Date and sent to an offsite location for treatment, storage, disposal or recycling, or (d) all matters listed on Schedule 3.11; provided that (i) Excluded Environmental Matters shall not include the matters set forth on Schedule 1.1(c), (ii) Excluded Environmental Matters shall not include any molecules of Hazardous Substances that were not actually and physically present in the soil, sediment, surface water, groundwater, air or any structure at any IPC Asset (or the off-site location to which such molecules of Hazardous Substances had migrated) prior to the Closing Date.

"Existing IPC Obligations" shall mean an amount equal to the sum of:
(a) the unpaid principal amount of all short-term and long-term indebtedness
(including current portion) for borrowed money of each of the IPC Companies; (b) the liquidation preference of the outstanding shares of preferred stock, $50 par value per share, of IPC, not owned by Seller; (c) any accrued and unpaid dividends on the shares of preferred stock, $50 par value per share, of IPC, not owned by Seller, that are in arrears as a result of the failure of IPC to pay such dividends on the relevant dividend payment date; and (d) all outstanding capital lease obligations of each of the IPC Companies, if any, in each instance as of the Closing Date. For purposes of calculating the amount of the Existing IPC Obligations, the amount of indebtedness attributable to the Transitional Funding Trust Notes shall be reduced by an amount equal to the lesser of
(a) $240,000 multiplied by the number of days, from and including the first day following the most recent date on which a portion of the Transitional Funding Trust Notes were repaid, through and including the Closing Date, and (b) the amount of restricted cash held by IPC on the Closing Date dedicated to the

retirement of such indebtedness. Existing IPC Obligations as of September 30, 2003 are set forth on Schedule 1.1(d). For the avoidance of doubt, Existing IPC Obligations shall not include the capital lease related to the Tilton Assets if such assets are transferred to DMG prior to or at the Closing.

"FERC" shall mean the Federal Energy Regulatory Commission, or any successor thereto.

"Final Determination" shall mean the final resolution of liability for any Tax: (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a form having the same effect under the laws of other jurisdictions, except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the Taxing Authority to assert a further deficiency shall not constitute a Final Determination; (b) by a Governmental Order of a court of competent jurisdiction which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or agreements having the same effect under the laws of other jurisdictions; (d) by any allowance of a refund or credit in respect of an overpayment of Tax; or (e) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"Final Order" shall mean any Governmental Order which has not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which any waiting period prescribed by Law before the transactions contemplated thereby may be consummated has expired (but without the requirement for the expiration of any applicable rehearing or appeal period), and as to which all conditions to the consummation of such transactions prescribed by Law have been satisfied.

"FPA" shall mean the Federal Power Act, as amended, including any regulations promulgated thereunder and any successor statutes thereto.

"GAAP" shall mean United States generally accepted accounting principles and practices as in effect from time to time.

"Generation Agreement" shall mean the agreement in the form of Exhibit B.

"Generation Assets" shall mean (a) the "Purchased Assets" described in the Asset Transfer Agreements, including the assets set forth on Schedule 1.1(e) and
(b) any fossil-fuel fired electric generating stations owned, used or operated at any time by any of the IPC Companies, including those assets identified by the parties pursuant to clause (ii) of Section 5.20(a) that are to be transferred to DMG by IPC pursuant to the Generation Agreement, but excluding those assets identified by the parties pursuant to clause (i) of Section 5.20(a) that are to be transferred to IPC by DMG pursuant to the Generation Agreement.

"Generation Liabilities" shall mean any and all rights, costs, damages, disbursements, expenses, losses, fines, penalties, settlements, payments, judgments, awards, deficiencies, charges, commitments, encumbrances, liens, rights of others, demands, actions, claims, liabilities, obligations, debts, causes of action, or lawsuits of any kind or nature whether known or unknown,

arising from or relating to the Generation Assets or related Excluded Environmental Matters, including: (a) items 1 and 2 listed on Schedule 3.11;
(b) actual or alleged failure of any Generation Assets or their owner or operator to have complied at any time with any Law (including Environmental Laws); (c) actual or alleged presence or Release of any Hazardous Substance in soil, sediment, surface water, groundwater, air or any structure at any Generation Assets at any time, including in connection with ash ponds at any Generation Asset or any migration of Hazardous Substances from a Generation Asset to an off-site location; (d) any Hazardous Substance from a Generating Asset that was sent to an off-site location for treatment, storage, disposal or recycling; (e) closure, shutdown, decommissioning, monitoring, investigation, cleanup, containment, remediation, removal, mitigation, response or restoration work at, on, beneath, to, from or in any Generation Assets (including any equipment) at any time; (f) claims for workers' compensation benefits payable on account of injuries, illness or other conditions; (g) any claims for any personal injury (including wrongful death) or property damage (real or personal) relating to the Generating Assets; or (h) any liabilities of IPC under the Generation Agreement or the Asset Transfer Agreements; provided that Generation Liabilities will not include the matters set forth on Schedule 1.1(c).

"Governmental Authority" shall mean any United States federal, state or local or any foreign government, supranational, governmental, regulatory or administrative authority, instrumentality, agency or commission, political subdivision, self-regulatory organization or any court, tribunal or judicial or arbitral body or mediator.

"Governmental Order" shall mean any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Substances" shall mean any chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, mixed hazardous waste substances, petroleum, petroleum products, radioactive material or any substance as defined by and which is prohibited, limited, or regulated under or defined in any Environmental Law.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"ICC" shall mean the Illinois Commerce Commission.

"Income Tax Returns" shall mean Tax Returns relating to Income Taxes.

"Income Taxes" shall mean any Taxes imposed on or determined by reference to net income, together with any interest or penalty, addition to tax or additional amount imposed by any Taxing Authority on account of such Taxes.

"Indemnifiable Claim" shall mean any claim of an Indemnifiable Loss for or against which any party is entitled to indemnification under this Agreement.

"Indemnifiable Loss" shall mean any cost, damage, disbursement, expense, liability, loss, fine, penalty or settlement, payment or judgment of any kind or nature, including court filing fees, court costs, arbitration fees or costs and reasonable fees and disbursements of legal counsel and other professionals fees

and amounts paid in settlement that are actually imposed on, or otherwise actually incurred or suffered by the specified Person.

"Indemnified Party" shall mean the party entitled to indemnification hereunder.

"Indemnifying Party" shall mean the party obligated to provide indemnification hereunder.

"Intellectual Property" shall mean: (a) any United States and foreign invention, patent application, patent, patent disclosure, including all reissues, reexaminations, divisions, continuations and extensions thereof
(whether or not patentable or reduced to patent) and improvements thereto; (b)
any United States and foreign trademark, trademark registration, trademark application, service mark, internet domain name, trade name, trade dress, logo, business names (including all assumed or fictitious names under which any IPC Company is conducting business or has within the last three years conducted business), whether registered or unregistered, and pending applications to register the foregoing; (c) any United States and foreign copyright, copyright registration, copyrightable works, whether registered or unregistered, and pending applications to register the same; and (d) any design, design registration, and trade secret (including confidential information, know-how, formulae, processes, procedures, research records, records of inventions, test information, market surveys and marketing know-how), and, in each case, any right to any of the foregoing.

"Intercompany Note" means the promissory note in the original principal amount of $2,725,721,995.00 (as adjusted) issued by Seller to IPC on October 1, 1999.

"IPC Assets" shall mean assets owned or leased by the IPC Companies as of the time of the Closing, after giving effect to asset transfers contemplated by this Agreement.

"IPC Companies" shall mean IPC and the Persons listed on Schedule 3.2.

"IPC Other Real Property" shall mean easements, licenses, rights-of-way, option, rights-of-first refusal, rights-of-first offer or similar rights or interests in any parcel of real property, which rights or interest are held or used by any of the IPC Companies.

"IPC Owned Real Property" shall mean each parcel of real property owned in fee simple by any of the IPC Companies.

"IPC Properties" shall mean the IPC Owned Real Property, Leased Real Property and IPC Other Real Property.

"IRS" means the United States Internal Revenue Service.

"Knowledge" shall mean (a) with respect to Purchaser, the actual knowledge (after reasonable inquiry) of the persons listed on Schedule 1.1(f), and
(b) with respect to any of the Dynegy Parties, the actual knowledge (after reasonable inquiry) of the persons listed on Schedule 1.1(f).

"Law" shall mean any United States federal, state or local statute, law, ordinance, regulation, rule, code, order or other requirement or rule of law enacted, adopted, issued or promulgated by any Governmental Authority.

"Leased Real Property" shall mean each lease or similar contract under which an IPC Company is a lessee of, or holds, uses or operates, any real property owned by third Persons.

"Lien" shall mean any lien (statutory or otherwise), mortgage, deed of trust, pledge, security interest, option, covenant, restriction, easement or other encumbrance of any kind or any similar right of any kind.

"Material Adverse Effect" shall mean any condition, circumstance, change, event, occurrence or state of facts that is (a) materially adverse to the IPC Assets, the Business, financial condition or results of operations of the business of the IPC Companies, taken as a whole; or (b) materially adverse to the ability of Dynegy, any of the IPC Companies or any of their respective Affiliates to perform their obligations under this Agreement or any Ancillary Agreement, including the financial obligations of Dynegy hereunder or thereunder, other than, with respect to clause (a) above, any condition, circumstance, change, event, occurrence or state of facts (i) relating to or resulting from economic conditions in general that are not disproportionately adverse to the IPC Companies or the Business; (ii) resulting from the execution or announcement of this Agreement; (iii) resulting from a material breach by Purchaser of this Agreement; (iv) relating to or resulting from changes or developments generally in the electric or gas utility industry that are not disproportionately adverse to the IPC Companies or the Business; or (v) resulting from compliance by Dynegy or any IPC Company with the terms of this Agreement or any Ancillary Agreement.

"Natural Gas Act" shall mean the Natural Gas Act, as amended, including any regulations promulgated thereunder and any successor statutes thereto.

"Non-Income Tax Returns" shall mean Tax Returns relating to Non-Income Taxes.

"Non-Income Taxes" shall mean all Taxes other than Income Taxes.

"NPL" shall mean the National Priorities List pursuant to CERCLA.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"Permit" shall mean any permit, franchise, consent, approval, license, certificate of occupancy, certificate of public convenience and necessity, privilege or similar authorization.

"Permitted Liens" shall mean (a) leases, subleases, licenses and similar use and occupancy agreements that do not materially interfere with the present use of the relevant asset or property; (b) Liens for Taxes, assessments and governmental charges or levies not delinquent or that may be paid without interest or penalty that do not materially interfere with the present use of the relevant assets or property; (c) Liens imposed by Law (other than any Lien arising under Section 412 of the Code or Section 302 of ERISA) that do not materially interfere with the present use of the relevant assets or property;
(d) pledges or deposits to secure obligations under workers' compensations laws or similar legislation or to secure public or statutory obligations that do not

materially interfere with the present use of the relevant assets or property;
(e) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course (excluding any such lien securing or evidencing a claim in excess of $400,000 that the holder thereof has taken affirmative steps to enforce other than customary notice, perfection or protective filings), and Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course, in each case that do not materially interfere with the present use of the relevant assets or property; (f) Liens listed on Schedule 1.1(b); (g) recorded and unrecorded easements, covenants, rights of way and other similar restrictions that do not materially detract from the value and do not materially interfere with the present use of the relevant assets or property; (h) as to any Leased Real Property, Liens affecting the interest of the lessor thereof that do not materially interfere with the present use of the relevant assets or property;
(i) all matters created by or on behalf of Purchaser, including any documents or instruments to be recorded as part of any financing for the acquisition of the Shares by Purchaser; (j) Liens created by this Agreement or in connection with the transactions contemplated hereby; and (k) any other Liens that do not materially adversely affect title to, or interfere with the present use of, the relevant assets or property.

"Person" shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other entity.

"Post-Closing Tax Period" shall mean any taxable period beginning after the Closing Date (and, in the case of a Straddle Period, the portion of such taxable period beginning on the day after the Closing Date).

"PPA" shall mean the agreement by and between Dynegy Power Marketing, Inc. ("DYPM") and IPC in the form of Exhibit D, with such changes as may be required by Governmental Authorities as a condition to approving the transactions or any portion thereof contemplated by this Agreement and the Ancillary Agreements that are required to be accepted by Seller or by Purchaser, pursuant to the provisions of Section 5.3 or 5.23 or are otherwise accepted by Seller and by Purchaser.

"Pre-Closing Tax Period" shall mean any taxable period ending on or before the Closing Date (and, in the case of a Straddle Period, the portion of such taxable period ending at the close of the Closing Date).

"PUHCA" shall mean the Public Utility Holding Company Act of 1935, as amended, including any regulations promulgated thereunder or any successor statutes thereto.

"Purchaser Group Member" shall mean the IPC Companies, Purchaser, each of their respective Affiliates and each of their respective directors, officers, employees, agents, successors and assigns.

"Reference Balance Sheet" shall mean the unaudited consolidated balance sheet of IPC as of the Reference Balance Sheet Date attached as Schedule 1.1(a).

"Reference Balance Sheet Date" shall mean September 30, 2003.

"Release" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, empty, dump, pour, emit, leach, discharge, dispersal, leaking or migration or allowing to escape into or through the environment.

"Remediation" shall mean any or all of the following activities in connection with and to the extent they relate to or arise from the presence or Release of a Hazardous Substance into or on air, land, water or groundwater:
(a) monitoring, investigation, sampling, analysis, cleanup, containment, control, remediation, removal, mitigation, response, recovery, corrective action or restoration work as these terms are defined individually or collectively under any Environmental Law or court decision (collectively, "Work"); (b) obtaining any Permits from any Governmental Authority necessary to conduct any of the Work; (c) preparing and implementing any plans or studies necessary for implementation or completion of the Work; (d) where required or desired, obtaining a written notice from a Governmental Authority that no material additional work is required by such Governmental Authority; and (e) any other activities reasonably necessary or appropriate or required under Environmental Laws to address the presence or Release of Hazardous Substances.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SEC" shall mean the United States Securities and Exchange Commission.

"Seller Group Member" shall mean Seller and Dynegy and each of their Affiliates (other than the IPC Companies after the Closing) and each of their respective directors, officers, employees agents, successors and assigns.

"Seller Indemnitors" shall mean Dynegy and Seller.

"Software" shall mean computer software programs and software systems, including all databases, compilations, tool sets, compilers, higher level or "proprietary" languages, related documentation and materials, whether in source code, object code or human readable form.

"Straddle Period" shall mean any taxable period that begins on or before and ends after the Closing Date.

"Subsidiaries" shall mean, with respect to any Person, any and all corporations, partnerships, limited liability companies and other entities with respect to which such Person, directly or indirectly, owns securities having the power to elect a majority of the board of directors or similar body governing the affairs of such entity.

"Target Fully Adjusted Working Capital" shall have the meaning set forth on Exhibit A.

"Tax" shall mean: (a) any federal, state, local or foreign net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, value-added, transfer, stamp, or environmental tax (including taxes under Code Section 59A), or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, addition to tax or additional

amount imposed by any Governmental Authority; and (b) any liability for the payment of amounts with respect to payments of a type described in clause (a) above as a result of being a member of an affiliated, consolidated, combined or unitary group, or as a result of any obligation under any Tax Sharing Arrangement, Tax indemnity agreement or arrangement or similar agreement or arrangement.

"Tax Refund" shall mean a refund of Taxes either in the form of cash, credit memos or any similar item as the result of a Final Determination.

"Tax Return" shall mean any return, filing, report, questionnaire, information statement or other document required to be filed, including any amendments that may be filed with respect thereto, for any taxable period with any Taxing Authority.

"Tax Sharing Arrangement" shall mean any written or unwritten agreement or arrangement for the allocation or payment of Tax liabilities or payment for Tax benefits with respect to a consolidated, combined or unitary Tax Return which Tax Return includes or included any IPC Company.

"Taxing Authority" shall mean any Governmental Authority exercising any authority to impose, regulate or administer the imposition of Taxes.

"Termination Agreement" shall mean each of the agreements in the forms of Exhibit C-1 and Exhibit C-2.

"Tier 2 Memorandum" shall mean the agreement the form of which is set forth in Exhibit H.

"Tilton Assets" shall mean all rights and obligations of any of the IPC Companies pursuant to and arising from (a) the Lease, dated as of September 10, 1999, between IPC, as the lessee, and ABN Amro Bank N.V., not individually but solely as agent lessor (as amended and restated as of October 30, 2002 (the "Tilton Lease"), (b) the Lease Agreement, dated as of October 29, 1998, between IPC, as tenant, and Danville Industrial, L.L.C., an Illinois limited liability company as landlord and all directly related rights and obligations held or owed by any IPC Company (the "Tilton Ground Lease"), and (c) the Sublease, dated as of October 1, 1999, between IPC, as sublessor, and DMG, as sublessee, in accordance with Section 6.2 of the Tilton Lease, and all rights, interests, assets, liabilities and obligations of the IPC Companies that are primarily related to the foregoing project.

"Transitional Funding Trust Notes" shall mean the Transitional Funding Trust Notes, Series 1998-1, in the original principal amount of $864,000,000, issued by Illinois Power Special Purpose Trust, under the Indenture dated as of December 1, 1998, between Illinois Power Special Purpose Trust, as note issuer, and Harris Trust and Savings Bank, as trustee.

"Triggering Event" shall mean the occurrence of any of the "events" set forth in Paragraph 5 of the Escrow Agreement, the form of which is set forth in Exhibit G (the "Escrow Agreement"), requiring payment in full or in part, as the case may be, to Seller of the Escrow Funds (as defined in the Escrow Agreement).

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act of 1988, as amended, including any regulations promulgated thereunder and any successor statutes thereto.

Section 1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Term	Section
Accrued Liability	6.2(a)(iv)(A)
Active Employees	6.1(a)
Actual IP Contribution Amount	2.2(a)(ii)
Affiliate Employees	6.1(g)
Allocation	7.6(a)
Altenbaumer Contract	6.1(c)
AmerGen	1.1
Base Energy Contracts	5.21(c)
BACT	5.18(c)
Benefit Payments	6.2(a)(iv)(B)
Blackstart Agreement	5.21(c)
CERCLIS	3.11(g)
Closing	2.4
Closing Date	2.4
Common Shares	Recitals
Compensation Arrangements	3.10(a)
Correction Amount	6.2(b)(iv)(D)
Date of Spinoff	6.2(a)(iv)(A)
DMG	1.1
DOJ	5.3(a)
DYPM	1.1
Dynegy	Recitals
Dynegy Parties	Recitals
Easement and Facilities Agreement	5.21(b)
EEI	Recitals
EEI Shares	Recitals
Employee Benefit Plans	3.10(a)
Employees	3.10(a)
Escrow Agreement	2.2
FIRPTA	3.8(b)
FSA	6.2(d)(vii)
FTC	5.3(a)
Historic Insurance Policies	5.5(b)
IGC	Recitals
Initial Transfer Amount	6.2(a)(iv)(B)
Initial Transfer Date	6.2(a)(iv)(B)
IPC	Recitals
IPC SEC Reports	3.5
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Term	Section
Material Contracts	3.14
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Non-Union Transferred Employees	6.1(a)
Other Plan Participant	6.2(a)(i)
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Pollution Control Certification	2.5(x)
Potential Transaction	5.13
Pre-Closing Covenants	9.4
Preferred Shares	Recitals
Proposed Allocation	7.6(a)
Purchase Price	2.2(a)
Purchaser	Recitals
Purchaser Includable Claims	9.5(b)
Purchaser Pension Plan(s)	6.2(a)(ii)
Purchaser Savings Plan(s)	6.2(b)(ii)
Purchaser Welfare Plans	6.2(d)(i)
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Retiree(s)	6.2(c)(i)
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Seller	Recitals
Seller Bonus Plans	6.1(e)
Seller Includable Claims	9.5(a)
Seller Pension Plan(s)	6.2(a)(i)
Seller Savings Plans	6.2(b)(i)
Seller Welfare Plans	6.2(d)(i)
Seller's VEBA(s)	6.2(c)(i)
Shares	Recitals
Solvency Opinion	8.1(f)
Tax Controversy	7.8(c)
Termination Date	10.1(b)
Tilton Lease	1.1
Tilton Ground Lease	1.1
Transferred Employee	6.1(a)
Transition Services Agreement	5.21(a)
True-Up Date	6.2(a)(iv)(B)
VEBA Transfer Date	6.2(c)(ii)
Work	1.1

Section 1.3 Other Definitional and Interpretative Provisions.

(a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and

not to any particular provision of this Agreement, and Section, Exhibit and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement.

(d) The phrase "made available" in this Agreement shall mean, with respect to any document, that (i) a document containing the information referred to has actually been provided to the party (or its representative) to whom such information is asserted as having been "made available", (ii) the party asserting that a document has been made available can show by clear and convincing evidence that the party (or its representative) was provided access to such document or (iii) such document was included in the electronic data room established by Dynegy to which Purchaser (and its representatives) had access prior to the execution of this Agreement.

(e) Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The meaning of general words herein shall not be limited by specific examples introduced by "such as" or "for example" or other similar expressions unless otherwise specified.

(f) References to "the date of this Agreement" or "the date hereof" shall mean February 2, 2004, and the terms "currently" and "presently" shall mean as of February 2, 2004.

(g) References to a Person include its successors and permitted assigns. References to a "party" or the "parties" shall refer, respectively, to a party or the parties to this Agreement, unless the context otherwise requires or this Agreement otherwise specifies.

(h) The phrase "in the ordinary course" shall mean in the ordinary course of the Business.

(i) Without limiting the rights of the Purchaser Group Members to indemnification pursuant to Sections 9.1(c) through (i) no representation or warranty in Article III is made whatsoever with respect to any of the matters for which indemnification is provided to Purchaser pursuant to Sections 9.1(c) through (i).

(j) References to a specified number of days prior to the Closing shall mean such specified number of days prior to the Closing Date as determined in the reasonable good faith judgment of Purchaser and Dynegy.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller and IGC shall sell to Purchaser, and Purchaser shall purchase from Seller and IGC, the Shares.

Section 2.2 Purchase Price.

(a) The aggregate purchase price for the Shares shall be $2,300,000,000

(i) less an amount equal to the Existing IPC Obligations;

(ii) plus an amount equal to the amount by which the Actual IP Contributions exceed $17,500,000 or minus an amount equal to the amount by which the Actual IP Contributions are less than $17,500,000, as applicable (the "Actual IP Contributions Amount");

(iii) plus the amount by which the Final Adjusted Working Capital is greater than the Target Fully Adjusted Working Capital (if the Final Adjusted Working Capital is greater than the Target Fully Adjusted Working Capital); and

(iv) minus the amount by which the Target Fully Adjusted Working Capital is greater than the Final Adjusted Working Capital (if the Target Fully Adjusted Working Capital is greater than the Final Adjusted Working Capital)

(such aggregate amount, the "Purchase Price"). No later than seven Business Days prior to the Closing, Seller shall deliver to Purchaser a certificate executed on behalf of Seller by the President, Executive Vice President or any Senior Vice President of Seller, dated the date of its delivery, setting forth Seller's calculation of the amount of the Existing IPC Obligations setting forth in reasonable detail the basis for such calculation. The Purchase Price will be payable as set forth in paragraphs (b) and (c) of this Section 2.2.

(b) At the Closing, Purchaser will pay $2,300,000,000 in cash minus the sum of (i) an amount equal to the Existing IPC Obligations, and (ii) $100,000,000 (representing the amount of the Escrow Funds that are to be delivered at Closing by Purchaser to an Escrow Agent (as defined in the Escrow Agreement), mutually acceptable to Purchaser and Dynegy under the Escrow Agreement; provided, with respect to the reduction set forth in clause (ii) of this paragraph (b), that (A) in the event that a Triggering Event has occurred that would result in a payment to Seller in part of the Escrow Funds had the Escrow Agreement been entered into prior to the occurrence of such Triggering Event, such $100,000,000 amount shall be reduced by the amount that would have been so paid in such event and (B) in the event that a Triggering Event has occurred that would result in a payment to Seller in full of the Escrow Funds had the Escrow Agreement been entered into prior to the occurrence of such Triggering Event, such $100,000,000 amount shall be reduced to zero.

(c) After the Closing the Purchase Price shall be adjusted to reflect the difference between the Target Fully Adjusted Working Capital and the Final Adjusted Working Capital as provided in Section 2.3 and the Actual IP Contributions Amount as of the True-Up Date.

Section 2.3 Purchase Price Adjustments.

(a) Promptly following the Closing Date, but in no event later than 60 days after the Closing Date, Purchaser shall provide to Seller a certificate executed on behalf of Purchaser by the President, Executive Vice President or any Senior Vice President of Purchaser, dated the date of its delivery, setting forth Purchaser's (i) proposed Adjusted Working Capital as of the Closing Date (the "Proposed Final Adjusted Working Capital") and (ii) Purchaser's reasonably detailed calculation thereof (the "Closing Date Statement"). The Closing Date Statement shall be prepared in accordance with GAAP (except as noted on Exhibit
A) and in a manner consistent with the policies and principles used in connection with the preparation of the Reference Balance Sheet (provided, however, that in preparing the Closing Date Statement, the inclusions, exclusions, adjustments and terms set forth on Exhibit A shall be given effect).

(b) Purchaser shall provide reasonable cooperation to, and shall cause the IPC Companies and their respective employees and agents to provide reasonable cooperation to, Seller and its employees and representatives in their review of the Closing Date Statement and shall provide Seller and its employees and representatives reasonable access to the applicable personnel, properties, books and records of Purchaser and the IPC Companies for such purpose. In the event Seller disputes the correctness of the Proposed Final Adjusted Working Capital proposed by Purchaser, Seller shall notify Purchaser in writing of its objections within 30 days after receipt of the Closing Date Statement and shall set forth, in writing and in reasonable detail, the reasons for Seller's objections. If Seller fails to deliver its notice of objections within 30 days after receipt of the Closing Date Statement, Seller shall be deemed to have accepted Purchaser's calculation. Seller and Purchaser shall endeavor in good faith to resolve any disputed matters within 15 days after receipt of Seller's notice of objections. If Seller and Purchaser are unable to resolve the disputed matters, Seller and Purchaser shall promptly refer the disputed matters to the Accounting Firm. The Accounting Firm shall offer Seller and Purchaser (and their respective employees and representatives) the opportunity to provide written submissions regarding their positions on the disputed matters, which opportunity shall not extend more than 15 days after the submission of the disputed matters to the Accounting Firm. The Accounting Firm shall deliver a written report resolving all disputed matters and setting forth the basis for such resolution within 30 days after Seller and Purchaser have submitted in writing (or have had the opportunity to submit in writing but have not submitted) their positions as to the disputed items. The determination of the Accounting Firm in respect of the correctness of each matter remaining in dispute shall be conclusive and binding on Seller and Purchaser. The determination of the Accounting Firm shall be based solely on the written submissions by Seller and Purchaser and shall not be by independent review (it being understood that the Accounting Firm need not accept in its entirety the submission of either one party or the other). The Adjusted Working Capital as of the Closing Date, as finally determined pursuant to this Section 2.3(b) (whether by failure of Seller to deliver a timely notice of objection, by agreement of Seller and Purchaser or by determination of the

Accounting Firm), are referred to herein as the "Final Adjusted Working Capital".

(c) Promptly (but in no event later than five Business Days) after the determination of the Final Adjusted Working Capital, (i) if the Final Adjusted Working Capital is greater than the Target Fully Adjusted Working Capital, Purchaser shall pay to Seller the amount of such difference, with simple interest thereon from the Closing Date to the date of payment at a fixed rate per annum equal to the Applicable Rate, and (ii) if the Final Adjusted Working Capital is less than the Target Fully Adjusted Working Capital, Dynegy or Seller shall pay to Purchaser the amount of such difference, with simple interest thereon from the Closing Date to the date of payment at a fixed rate per annum equal to the Applicable Rate.

(d) The fees and expenses, if any, of the Accounting Firm retained in accordance with this Section 2.3 to resolve any dispute shall be paid one-half by Purchaser and one-half by Seller.

(e) Within 10 days after the Closing or as soon as practicable thereafter, Dynegy (after consultation with Purchaser) shall provide Purchaser with its good faith estimate of the Actual IP Contributions. Within 5 days after the receipt of such estimate, (i) Purchaser shall pay to Dynegy an amount equal to the amount by which such estimated Actual IP Contributions exceed $17,500,000 or
(ii) Dynegy or Seller shall pay to Purchaser an amount equal to the amount by which such estimated Actual IP Contributions are less than $17,500,000, as applicable. The determination of the Actual IP Contributions (as opposed to the estimate) shall be made at the same time as the "true up" is being conducted under Section 6.2(a)(iv)(B) and shall be subject to the dispute resolution procedures set forth in Section 6.2(a)(iv)(C) and the correction procedures set forth in Section 6.2(a)(iv)(D).

(f) In the event the Accounting Firm is requested to resolve any dispute pursuant to this Section 2.3, any meetings or proceedings involving the Accounting Firm in connection with such dispute resolution shall be held in New York, New York.

Section 2.4 Closing. Upon the terms and subject to the conditions of this Agreement, the sale and purchase of the Shares contemplated by this Agreement shall take place at a closing (the "Closing") to be held at the offices of O'Melveny & Myers LLP, 30 Rockefeller Plaza, New York, New York at 10:00 a.m., New York City time, within 10 Business Days after the day on which all conditions to the obligations of the parties set forth in Article VIII (except for such conditions which by their nature are satisfied on the Closing Date) are satisfied or waived, or at such other place or at such other time or on such other date as Seller and Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date"). For all purposes of this Agreement, including all provisions relating to Taxes and accounting matters, the Closing shall be deemed to have occurred at 11:59 p.m., Chicago, Illinois time, on the Closing Date.

Section 2.5 Closing Deliveries by Seller. Subject to the fulfillment or waiver of the conditions set forth in Section 8.1, at the Closing, Seller shall deliver to Purchaser:

(a) stock certificates evidencing the Common Shares registered in the name of Purchaser or its nominee, stock certificates evidencing the Preferred Shares registered in the name of Purchaser or its nominee, and stock certificates evidencing the EEI Shares registered in the name of Ameren Energy Resources Company or its nominee, in form reasonably satisfactory to Purchaser;

(b) a receipt for the portion of the Purchase Price payable at the Closing pursuant to Section 2.2 hereunder;

(c) the certificate required to be delivered pursuant to Section 8.2(a);

(d) the stock or unit books, stock or unit ledgers, minute books and corporate or similar seals of the IPC Companies; provided, however, that any of the foregoing items shall be deemed to have been delivered pursuant to this
Section 2.5(d) if such item has been delivered to, or is otherwise located at, the offices of an IPC Company;

(e) copies of the articles of incorporation of Seller and Dynegy certified as of a recent date by the Secretary of State of the State of Illinois;

(f) copies of the articles of incorporation or other organizational documents of each of the IPC Companies certified as of a recent date by the Secretary of State of the state of its organization;

(g) certificate of good standing of Seller and Dynegy issued as of a recent date by the Secretary of State of the State of Illinois;

(h) certificate of good standing of each of the IPC Companies certified as of a recent date by the Secretary of State of the state of its organization;

(i) certificate of the Secretary of Seller, dated the Closing Date, as to
(i) no amendments to the articles of incorporation of Seller since a specified date; (ii) the by-laws of Seller; (iii) the resolutions of the board of directors of Seller and of IPC authorizing the execution, delivery and performance of this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby; and (iv) the incumbency and signatures of the officers of Seller and of IPC executing this Agreement and the Ancillary Agreements;

(j) certificate of the Secretary or Assistant Secretary of Dynegy, dated the Closing Date, as to (i) no amendments to the articles of incorporation of Dynegy since a specified date; (ii) the by-laws of Dynegy; (iii) the resolutions of the board of directors of Dynegy authorizing the execution, delivery and performance of this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby; and (iv) the incumbency and signatures of the officers of Dynegy executing this Agreement and the Ancillary Agreements;

(k) all consents and Permits, including those described in Section 8.2(e), that are received by the Dynegy Parties in connection with this Agreement on or prior to the Closing Date; provided, however, that any of the foregoing items shall be deemed to have been delivered pursuant to this Section 2.5(k) if such

item has been made available to Purchaser prior to the Closing, remains in full force in effect, and is located at the offices of any IPC Company;

(l) a signed resignation by each of the directors of each of the IPC Companies;

(m) the certificate required to be delivered pursuant to Section 7.4;

(n) to the extent applicable, transfer tax declarations, duly executed by the applicable Dynegy Party or Affiliate thereof;

(o) the Base Energy Contracts referred to in Section 5.21(c), duly executed by IPC;

(p) a written certification by Dynegy ("Pollution Control Certification") stating that, to the Knowledge of Dynegy, AmerGen Energy Company, L.L.C is in compliance in all material respects with the requirements of Article 6.8(e) of the Asset Purchase Agreement between Illinois Power Company, as Seller, and AmerGen Energy Company, L.L.C, as Buyer, dated June 30, 1999; and

(q) in the event a Triggering Event (that would have the effect of requiring the full payment of the Escrow Funds had the Escrow Agreement been entered into prior to such Triggering Event) has not occurred prior to the Closing Date, the Escrow Agreement, duly executed by Seller.

Section 2.6 Closing Deliveries by Purchaser. Subject to the fulfillment or waiver of the conditions set forth in Section 8.2, at the Closing, Purchaser shall deliver, or cause to be delivered to Seller:

(a) by wire transfer in immediately available funds to a bank account or bank accounts of Seller designated by written notice to Purchaser at least two Business Days before the Closing, an amount in U.S. dollars equal to the cash portion of the Purchase Price payable at the Closing pursuant to Section 2.2 hereunder (without reduction or setoff of any kind);

(b) a receipt for the Shares;

(c) the certificate required to be delivered pursuant to Section 8.1(a);

(d) copies of the certificate of incorporation of Purchaser certified as of a recent date by the Secretary of State of the State of Missouri;

(e) certificate of good standing of Purchaser issued as of a recent date by the Secretary of State of the State of Missouri;

(f) certificate of the Secretary or Assistant Secretary of Purchaser, dated the Closing Date, as to (i) no amendments to the certificate of incorporation of Purchaser since a specified date; (ii) the by-laws of Purchaser; (iii) the resolutions of the board of directors of Purchaser authorizing the execution, delivery and performance of this Agreement and the transactions contemplated

hereby and thereby; and (iv) the incumbency and signatures of the officers of Purchaser executing this Agreement; and

(g) in the event a Triggering Event (that would have the effect of requiring the full payment of the Escrow Funds had the Escrow Agreement been entered into prior to such Triggering Event) has not occurred prior to the Closing Date, the Escrow Agreement, duly executed by Purchaser.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER AND DYNEGY

As an inducement to Purchaser to enter into this Agreement, to the execution of the Ancillary Agreements and to consummate the transactions contemplated hereby and by the Ancillary Agreements, except as set forth in the SEC Reports filed prior to the date hereof (it being understood that, in order for this exception to apply, the relevance of any disclosure in the SEC Reports to a particular representation below must be reasonably apparent from the disclosure itself), Seller and Dynegy jointly and severally hereby represent and warrant to Purchaser as follows:

Section 3.1 Organization and Qualification.

(a) Each Dynegy Party is a corporation duly organized, validly existing and in good standing under the Laws of the State of Illinois. Each Dynegy Party has the requisite corporate power and authority to own, use or lease and to operate its properties and to carry on its business as it is now conducted. Each Dynegy Party is not in default in the performance, observation or fulfillment of any provision of its articles of incorporation or by-laws.

(b) Each of the IPC Companies is duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization, is duly qualified to do business as a foreign corporation or other entity and is in good standing in each jurisdiction in which the character of its properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect. Each of the IPC Companies has the requisite corporate or other similar power and authority to own, use or lease and to operate its properties and to carry on its business as it is now conducted. Seller has made available to Purchaser a complete and correct copy of the articles of incorporation and by-laws and other constituent documents of each of the IPC Companies, each as amended to date, and such articles of incorporation, by-laws and other constituent documents as so made available are in full force and effect. None of the IPC Companies is in default in the performance, observation or fulfillment of any provision of its articles of incorporation or by-laws or other constituent documents.

Section 3.2 Capitalization.

(a) The authorized capital stock of IPC consists of (i)100,000,000 shares of common stock, no par value, of which 75,643,937 shares are issued and 62,892,213 shares are outstanding and (ii) 15,000,000 total shares of preferred stock, of which (A) 5,000,000 are Serial Preferred Stock, $50 par value, of which 912,675 shares are issued and outstanding, (B) 5,000,000 are Serial

Preferred Stock, no par value, none of which are issued and outstanding and
(C) 5,000,000 are Preference Stock, no par value, none of which are issued and outstanding. All outstanding shares of IPC are duly authorized, validly issued, fully paid and nonassessable, and free of preemptive rights. Except as set forth above, and other than this Agreement, there are no outstanding subscriptions, options, rights, warrants, convertible securities, stock appreciation rights, phantom equity, or other Contracts obligating IPC to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock of any class.

(b) Except for 249,751 shares of preferred stock held by third parties, Seller is the record or beneficial owner of all of the outstanding Equity Interests of IPC, there are no irrevocable proxies with respect to any such Equity Interests, and no Equity Interests of IPC are or may become required to be issued because of any options, warrants, rights to subscribe to, calls or commitments relating to, or securities or rights convertible into or exchangeable or exercisable for, Equity Interests of IPC, and there are no Contracts by which Seller or IPC is bound to issue additional Equity Interests of IPC or securities convertible into or exchangeable or exercisable for any such Equity Interests. All of such Equity Interests are duly authorized, validly issued, fully paid and nonassessable and, except for 249,751 shares of preferred stock held by third parties, are owned by Seller free and clear of all Liens.

(c) IGC is the record or beneficial owner of the EEI Shares, which are duly authorized, validly issued, fully paid and nonassessable, and free of preemptive rights, and are owned by IGC free and clear of all Liens.

(d) Schedule 3.2 sets forth with respect to each Subsidiary of IPC, the number of authorized, issued and outstanding shares of capital stock of each class, the number of issued shares of capital stock held as treasury shares and the number of shares of capital stock unissued and not reserved for any purpose. IPC, either directly or indirectly, owns 100% of all issued and outstanding shares of capital stock, limited liability company interests or other Equity Interests of such Subsidiaries, and owns no capital stock, other securities, or rights or obligations to acquire the same, of any other Person. All of the outstanding shares of capital stock or other Equity Interests of each Subsidiary of IPC are duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights. There are no subscriptions, options, rights warrants, calls, convertible securities, stock appreciation rights, phantom equity, or other Contracts relating to or obligating IPC or any of its Affiliates (including such Subsidiary) to issue, sell, redeem, repurchase or otherwise acquire any shares of capital stock or Equity Interests of any Subsidiary of IPC.

Section 3.3 Authority. Each Dynegy Party has full corporate power and authority to execute and deliver this Agreement and any Ancillary Agreements to be executed by it and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements to be executed by such Dynegy Party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the board of directors of such Dynegy Party, and do not require any other authorization or consent of any Dynegy Party, any of its Affiliates or its stockholders. This Agreement has been, and upon its execution and delivery, each Ancillary Agreement to be executed by any Dynegy Party will have been, duly

and validly authorized, executed and delivered by such Dynegy Party and is or will be upon its execution Enforceable against such Dynegy Party.

Section 3.4 Consents and Approvals; No Violation. The execution and delivery of this Agreement, the Ancillary Agreements, the Base Energy Contracts, the consummation of the transactions contemplated hereby and thereby, and the performance by Dynegy, Seller, IGC and the IPC Companies of their obligations hereunder and under the Ancillary Agreements and Base Energy Contracts, to the extent applicable, do not and will not:

(a) except as listed in Schedule 3.4(a), require any writ, waiver, consent, judgment, decree, approval, order, act or Permit of, or registration, filing with or notification to any Governmental Authority, except for municipal and county franchises and Permits that are ministerial in nature and are customarily obtained from Governmental Authorities after closings in connection with transactions of the same nature as are contemplated hereby;

(b) except as listed in Schedule 3.4(b), conflict with, result in any violation of or breach of or constitute a default (with notice or lapse of time or both) under, or give rise to any right of termination, purchase, first refusal, cancellation, modification or acceleration or guaranteed payments or a loss of rights under (i) any provision of the articles of incorporation or by-laws of Seller or the articles of incorporation or by-laws (or other similar organizational documents) of any of its Affiliates; or (ii) any provisions of any Contract to which any IPC Company, Seller, IGC or Dynegy is a party or may be subject or bound or by which any IPC Assets or the Business may be subject or bound;

(c) upon receipt of the approvals and consents listed on Schedule 3.4(a), violate the provisions of any Law or Governmental Order, or result in the termination or lapse of any Permit, applicable to Dynegy, Seller, IGC, any IPC Company, any IPC Assets or the Business; or

(d) result in the creation of any Lien other than Permitted Liens upon any IPC Asset or properties or assets of any IPC Company, Purchaser or any of its Affiliates or on any Equity Interests of any IPC Company, Purchaser or any of its Affiliates under any applicable Law or under any Contract to which any IPC Company, Seller, or Dynegy is a party or by which any IPC Company, Seller, Dynegy, the IPC Assets or the Business or any of their properties may be subject bound;

except, with respect to any of Sections 3.4(a), 3.4(b)(ii) and 3.4(c), to the extent any such writ, waiver, consent, judgment, decree, approval, order, act, Permit, registration, filing or notice requirement, conflict, violation, breach, default, right of termination, purchase, first refusal, cancellation, modification or acceleration or guaranteed payment or loss of right, violation of Law or Governmental Order or Lien would not reasonably be expected, individually or in the aggregate, (A) to result in a Material Adverse Effect or (B) to prevent the consummation of any transactions contemplated hereby or by any Ancillary Agreement.

Section 3.5 IPC Reports. The filings required to be made by IPC since January 1, 2003, under PUHCA, applicable Illinois Laws, the FPA and the Natural Gas Act have been timely filed with the appropriate Governmental Authority and,

as of the date of such filings, complied in all material respects with all applicable requirements of each such Law. Copies of such filings have been made available to Purchaser. IPC has filed with, or furnished to, the SEC, as the case may be, each form, registration statement, report, schedule, proxy or information statement and other document (including exhibits and amendments thereto) required to be filed or furnished to the SEC since January 1, 2003 under the Securities Act or the Exchange Act, as applicable (collectively, the "IPC SEC Reports"). Dynegy has filed with, or furnished to, the SEC, as the case may be, and made available to Purchaser, copies of each form, registration statement, report, schedule, proxy or information statement and other document (including exhibits and amendments thereto) required to be filed with or furnished to the SEC since January 1, 2003 under the Securities Act or the Exchange Act (together with the IPC SEC Reports, the "SEC Reports"). As of the respective dates that the IPC SEC Reports were filed, or furnished, as the case may be, each IPC SEC Report, including any financial statements or schedules included therein, (a) complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act; and (b) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading. No event has occurred between the date of the most recent IPC SEC Report and the date hereof that would require the filing of a Current Report on Form 8-K by IPC or Dynegy.

Section 3.6 IPC Financial Statements. Each of the audited consolidated financial statements and unaudited consolidated interim financial statements of IPC (including any related notes and schedules) included (or incorporated by reference) in its Annual Reports on Form 10-K for each of the two fiscal years ended December 31, 2001 and 2002 (the "IPC Financial Statements"), and any subsequent IPC SEC Report, has been prepared from, and is in accordance with, the books and records of IPC, complies in all material respects with applicable accounting requirements and with the SEC's published rules and regulations, has been prepared in accordance with GAAP (except in the case of unaudited statements, as permitted under Form 10-Q under the Exchange Act) applied on a consistent basis (except as may be indicated in the notes thereto) and fairly presents in all material respects in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of IPC as of the date thereof and the consolidated results of operations and cash flows (and changes in financial position, if any) of IPC for the periods presented therein (subject to normal year-end adjustments and the absence of financial footnotes in the case of any unaudited interim financial statements).

Section 3.7 Absence of Certain Changes; Absence of Undisclosed Liabilities.

(a) Except as listed in Schedule 3.7 or as permitted by this Agreement or the Ancillary Agreements, since September 30, 2003: (i) the Business has been conducted in all material respects in the ordinary course; (ii) through the date hereof there has not been any Material Adverse Effect; (iii) except for declarations, set asides and payments of dividends with respect to regular quarterly cash dividends with respect to the preferred stock of IPC in accordance with its terms, there has not been any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of any IPC Company or any repurchase, redemption or other acquisition by IPC of any outstanding shares of capital stock or other securities of, or other ownership interests in, any IPC Company; (iv) there has

not been any amendment or modification of any term of any outstanding security of any IPC Company; (v) there has not been any change in any method of accounting or accounting principles, practices or policies by any IPC Company, except for any such change required because of a concurrent change in GAAP or the applicable rules and regulations of the SEC; (vi) except as required by applicable Law, no Tax Return has been prepared or filed by or with respect to Seller, the Business, any IPC Asset or any IPC Company that is inconsistent with past practice, no position has been taken, election made, or method adopted by or with respect to Seller or any IPC Company that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Tax Returns with respect to Seller or such IPC Company in prior periods, no Tax Sharing Arrangement, Tax indemnity Contract or similar Contract or arrangement affecting Seller or any IPC Company has been entered into, amended or modified by Seller or any IPC Company, and no payments under any Tax Sharing Arrangement, Tax indemnity Contract or similar Contract have been made that are outside the ordinary course of business, inconsistent with past practice or inconsistent with the terms thereof; and (vii) there has not been any damage, destruction or other casualty loss with respect to any IPC Assets or the Business that has a value of at least $5,000,000 or is material in the aggregate to the IPC Companies, the Business or the IPC Assets which is not covered by insurance.

(b) None of the IPC Companies has any liabilities or obligations (whether known or unknown, accrued, absolute, contingent or otherwise) of any nature, except those which: (i) are accrued or reserved against in the most recent audited consolidated financial statements of IPC or reflected in the notes thereto; (ii) were incurred in the ordinary course; (iii) have been discharged or paid in full; or (iv) are not required to be reflected in the consolidated financial statements or the notes thereto of IPC prepared in accordance with GAAP consistently applied.

Section 3.8 Taxes.

(a) Except as listed in Schedule 3.8:

(i) Each IPC Company has timely filed or will timely file or cause to be timely filed (taking into account all extensions of due dates) all material Tax Returns required by applicable Law to be filed prior to or as of the Closing Date. All such material Tax Returns are or will be true, complete and correct and disclose all Taxes required to be paid for the periods covered thereby.

(ii) Each IPC Company has timely paid, whether or not shown on any Tax Return, all Taxes imposed on it or for which it may otherwise be liable or, with respect to Non-Income Taxes, where payment is not yet due, will have established as a liability or reserve taken into account in determining Final Adjusted Working Capital an adequate accrual, determined in accordance with GAAP (as described in paragraph 1 of Exhibit A), for the payment of, all such Non-Income Taxes imposed on it or for which it may otherwise be liable.

(iii) All deficiencies asserted in writing or assessments made as a result of any Audit of the Tax Returns referred to in clause (i) have been paid in full.

(iv) No Audit is pending or, to the Knowledge of Seller, threatened with respect to any Tax Returns filed by or with respect to, or Taxes due from or with respect to, any IPC Company. To the Knowledge of Seller, with respect to Taxes for all taxable periods beginning on or after January 1, 2000, no deficiency or adjustment for any Taxes has been threatened, proposed, asserted or assessed against any IPC Company that remains outstanding. There are no Liens for Taxes upon the assets of any IPC Company, except Permitted Liens.

(v) No IPC Company has given or been requested to give any waiver of statutes of limitations relating to the payment of Taxes or has executed powers of attorney with respect to Tax matters that will be outstanding as of the Closing Date. No IPC Company is the beneficiary of any extension of time within which to file any Tax Return.

(vi) No IPC Company (or any Affiliate thereof) has received any Tax rulings, made any request that is still pending for rulings, or entered into any closing agreements relating to any IPC Company that would reasonably be expected to affect any Tax liability relating to any IPC Company for any period after the Closing Date.

(vii) All Taxes that any IPC Company is required by Law to withhold or to collect for payment have been duly withheld and collected and have been timely paid to the appropriate Taxing Authority or, to the extent due after the Closing Date, will be reflected as a liability or reserve, determined in accordance with GAAP (as described in paragraph 1 of Exhibit A), taken into account in determining Final Adjusted Working Capital.

(viii) All Tax sharing, Tax indemnity or similar Contracts relating to any IPC Company (other than this Agreement) will terminate prior to the Closing and neither Purchaser nor any IPC Company will have any liability thereunder on or after the Closing Date, except to the extent of Non-Income Tax liabilities included in the calculation of Final Adjusted Working Capital.

(ix) Each IPC Company (other than IPC and IP Gas Supply Company) (A) is disregarded for federal income tax purposes as an entity separate from IPC, (B) was formed through a contribution of assets from IPC or another IPC Company, (C) is not a successor to any entity and (D) has no liability for Taxes of IPC, any member of any Company Group or any other Person.

(x) Dynegy has filed a consolidated Federal income Tax Return with IPC for the taxable year that was two years preceding the current taxable year and as of the Closing Date will be eligible to make a Section 338(h)(10) Election with respect to the Common Shares and the Preferred Shares.

(xi) No IPC Company has any liability for the Taxes of any other person (other than any IPC Company) under Treasury Regulation Section 1.1502-6 or any comparable provision of state, local or foreign law, by contract or otherwise.

(xii) Each Dynegy Group has filed all material Tax Returns that it was required to file for each taxable period during which any IPC Company was a

member of such Dynegy Group. All such Tax Returns are or will be true, correct and complete in all material respects. All material Income Taxes owed by any Dynegy Group have been paid for each taxable period during which any IPC Company was a member of such group. No Audit is pending or, to the Knowledge of Dynegy or Seller, threatened with respect to any Tax Returns filed by or with respect to, or Taxes due from or with respect to, any Dynegy Group for any taxable period during which any IPC Company was a member of such Dynegy Group. To the Knowledge of Dynegy or Seller, no Taxing Authority has requested any information related to Tax matters from, or with respect to, any Company Group for any taxable period during which any IPC Company was a member of such Company Group. No material deficiency or adjustment for any Taxes has been threatened, proposed, asserted or assessed against any Company Group that remains outstanding for any taxable period during which any IPC Company was a member of such Company Group.

(xiii) No IPC Company will be required to include any material item of income in, or exclude a material item of deduction from, taxable income for any Post-Closing Tax Period as a result of any (A) change in method of accounting for a Pre-Closing Tax Period under Code Section 481(c) (or any corresponding or similar provision under state, local or foreign Income Tax law), (B) written and legally binding agreement with a Taxing Authority relating to Taxes, (C) installment sale or open transaction disposition or intercompany transaction made on or prior to the Closing Date, (D) prepaid amount received on or prior to the Closing Date, or (E) deferred intercompany gain or excess loss account described in Treasury regulations promulgated under Section 1502 of the Code (or any corresponding or similar provision under state, local or foreign Income Tax law).

(b) No transaction contemplated by this Agreement is subject to withholding under Section 1445 of the Code (relating to "FIRPTA").

(c) Except as listed in Schedule 3.8, no payment or other benefit, and no acceleration of the vesting of any options, payments or other benefits, will be, as a result of the transactions contemplated by this Agreement, an "excess parachute payment" to a "disqualified individual" as those terms are defined in
Section 280G of the Code and the Treasury regulations thereunder.

Section 3.9 Litigation. As of the date hereof, except as disclosed in Schedule 3.9: (a) there are no outstanding Governmental Orders or Actions pending or, to the Knowledge of Seller, threatened against or affecting any IPC Company or any of their present or former directors or officers, any IPC Assets or the Business that would individually reasonably be expected to exceed $500,000, or that would in the aggregate reasonably be expected to exceed $1,000,000, as the case may be, in costs, expenses, disbursements, losses, obligations, liabilities, settlement payments, awards, judgments, fines penalties and damages, which determination of exposure shall be made consistent with IPC policies for establishing reserves in accordance with GAAP; (b) no IPC Company is permanently or temporarily enjoined by any Governmental Order from engaging in or continuing any conduct or practice in connection with the Business or the IPC Assets, nor, to the Knowledge of Seller, is any investigation pending by any Governmental Authority with respect to any of the IPC Companies, the Business or any of the IPC Assets; and (c) there is no Governmental Order enjoining any IPC Company from taking or requiring any IPC

Company to take any action of any kind with respect to the Business or any of the IPC Assets. Notwithstanding the foregoing, no representation or warranty in this Section 3.9 is made with respect to ERISA matters, environmental matters, labor and employee matters and intellectual property matters.

Section 3.10 Employee Benefit Plans.

(a) Schedule 3.10 lists each written "employee benefit plan," as defined in Section 3(3) of ERISA, each stock option, stock purchase, stock ownership, deferred compensation, severance, performance, bonus, incentive, vacation or holiday pay plan, policy, understanding or arrangement and each other employee benefit plan or arrangement (including fringe benefit plans or arrangements) that is maintained on the date hereof or otherwise contributed to by any Dynegy, Seller or any of their subsidiaries for the benefit of Employees ("Employee Benefit Plans"). There are no Employee Benefit Plans that are sponsored solely for the benefit of Employees. There are no Employee Benefit Plans that are sponsored solely by one or more of the IPC Companies. In addition, Schedule 3.10 lists each material written employment, compensation, and consulting agreement or arrangement, and any agreement or arrangement associated with a change in ownership or the sale of substantially all the assets of any IPC Company or Dynegy or any of their respective Affiliates, in each case, entered into with any Employee ("Compensation Arrangements"). There are no plans or arrangements that are "pension plans" within the meaning of Section 3(2) of ERISA but are not intended to be qualified under Section 401(a) of the Code pursuant to which any Employee is entitled to benefits. The term "Employees" shall mean all Active Employees, Other Plan Participants and Retirees, as those terms are used in Article VI. Seller has made available to Purchaser copies of (i) each Employee Benefit Plan and each Compensation Arrangement (or, in the case of any material unwritten Employee Benefit Plans or Compensation Arrangements, descriptions thereof); (ii) the most recent annual report on Form 5500 filed with the applicable Governmental Authority with respect to each Employee Benefit Plan (if any such report was required by applicable Law); (iii) the most recent summary plan description for each Employee Benefit Plan for which such a summary plan description is required by applicable Law; (iv) each trust agreement or annuity contract relating to any Seller Pension Plan or Seller VEBA; and (v) the most recent actuarial report for any Seller Pension Plan. Each report described in clause (v) of the preceding sentence accurately describes the funded status of the plan to which it relates as of the date indicated in such report and there has been no material change in the investment strategy of such plan since such date. To the knowledge of Dynegy and Seller and except as set forth on Schedule 3.10, no IPC Company maintains any material oral Employee Benefit Plan or Compensation Arrangement. For purposes of the preceding sentence, the term "knowledge" means the actual knowledge of the Director Human Resources of IPC.

(b) Except for matters that are listed in Schedule 3.10 or would not result in a material liability to Purchaser: (i) each Employee Benefit Plan has been administered in accordance with its terms; (ii) each IPC Company and all the Employee Benefit Plans are in compliance with all Laws applicable to the Employee Benefit Plans, including ERISA and the Code (or any similar applicable Law of a country other than the United States); and (iii) to the Knowledge of Seller, there are no investigations by any Governmental Agency, termination proceedings or other Actions against or directly involving any Employee Benefit

Plan or asserting any rights or claims to benefits under any Employee Benefit Plan (except claims for benefits payable in the normal operation of the Employee Benefit Plans).

(c) Except as listed in Schedule 3.10, (i) all material contributions to, and payments from, any Seller Pension Plan, Seller VEBA and Seller Savings Plan that may have been required to be made in accordance with the terms of such plans or any applicable collective bargaining agreement have been timely made;
(ii) no person has failed to make a required installment or any other payment required under Section 412 of the Code to any Seller Pension Plan before the applicable due date; and (iii) none of Dynegy, Seller or any of the IPC Companies or any of their respective Affiliates has contributed to (or been required to contribute to) a multiemployer plan, within the meaning of Section 3(37) of ERISA, since February 1, 2000 for the benefit of Employees. Schedule 3.10 identifies each trust funding any Employee Benefit Plan that is intended to meet the requirements of Code Section 501(c)(9), and each such trust meets such requirements and provides no disqualified benefits (as such term is defined in Code Section 4976(b)) or (iii) is unfunded.

(d) Except as set forth on Schedule 3.10, (i) each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has been the subject of a favorable determination letter from the IRS to the effect that such plan is qualified and the related trust is exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, no such determination letter has been revoked and, to the Knowledge of Dynegy and Seller, revocation has not been threatened; and (ii) no event has occurred that would subject any Employee Benefit Plan to any material Tax under Section 511 of the Code. Seller has made available to Purchaser a copy of the most recent determination letter received with respect to each Employee Benefit Plan for which such a letter has been issued, as well as a copy of any pending application for a determination letter. Seller has also made available to Purchaser a list of all amendments as to which a favorable determination letter has not yet been received.

(e) None of Dynegy, Seller, any of the IPC Companies or any of their respective Affiliates has made or granted or committed to make or grant any material benefit improvements under any Seller Pension Plan (except as provided in the plan documents and/or Memorandum of Agreement dated May 29, 2003 and the Tentative Agreement of Joint IBEW Negotiating Committee and Illinois Power dated July 15, 2003 made available to Purchaser) to which Transferred Employees are or may become entitled which are not reflected in the actuarial report dated January 1, 2002 provided by Seller to Purchaser and, except as specifically provided in the documents described in Section 3.10(a) or as permitted by
Section 5.1, there are no other amendments to any Employee Benefit Plan or Compensation Arrangement that have been adopted or approved, nor has Dynegy, any IPC Company or any of their respective Affiliates undertaken to make any such amendments or to adopt or approve any new Employee Benefit Plan or Compensation Arrangement.

(f) Except for matters that are set forth on Schedule 3.10, with respect to each Seller Pension Plan, (i) no proceeding has been initiated to terminate such plan; (ii) there has been no "reportable event" (as such term is defined in
Section 4043(c) of ERISA) prior to the date hereof other than reportable events for which notice is waived under applicable regulations; (iii) no "accumulated funding deficiency" (within the meaning of Section 412 of the Code), whether or

not waived, has occurred; and (iv) no person has provided or is required to provide security to such plan under section 401(a)(29) of the Code due to a plan amendment that results in an increase in current liability.

(g) Dynegy, Seller and their respective Affiliates have complied with the health care continuation requirements of Part 6 of Title I of ERISA in all material respects. Except as set forth in Schedule 3.10, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement and by the Ancillary Agreements will (either alone or in conjunction with any other event) result in an increase in the amount of compensation or benefits or accelerate the vesting or timing of payment or cause the funding or delivery of any compensation or benefits payable to or in respect of any person rendering services to any IPC Company or result in any limitation on the right of any IPC Company to amend, merge, terminate or receive a reversion of assets from any Employee Benefit Plan or related trust.

(h) None of Dynegy, Seller nor any of their respective Affiliates nor, to the Knowledge of Dynegy and Seller, any other "disqualified person" (within the meaning of Section 4975 of the Code) or "party in interest" (within the meaning of Section 3(14) of ERISA) has taken any action with respect to any Employee Benefit Plan which could subject Purchaser or any of the IPC Companies to the penalty or tax under Section 502(i) or Section 502(l) of ERISA or Section 4975 of the Code.

(i) None of Dynegy, Seller nor any of their respective Affiliates has taken any action or failed to take any action as of the date hereof that will result in any potential liability, whether direct or indirect, contingent or otherwise, to Purchaser or any of the IPC Companies under Section 4063, 4064, 4069, 4204 or 4212(c) of ERISA.

Section 3.11 Environmental Matters. Except as listed in Schedule 3.11:

(a) The IPC Companies, the IPC Assets and the Business are in compliance with all Environmental Laws, except for any violations that would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect.

(b) Neither any IPC Company nor any Seller Group Member has caused or allowed the generation, treatment, manufacture, processing, distribution, use, storage, disposal, Release, transport or handling of any Hazardous Substances at any of the IPC Assets, except for any such action or actions that would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect.

(c) To the Knowledge of Seller, no IPC Company or any of its Affiliates has received any written notice from any Governmental Authority or third party or any other written communication alleging or concerning any material violation by any IPC Company of any Environmental Law, or responsibility or liability of any IPC Company under, any Environmental Law, or in connection with the Release, threatened Release or presence of any Hazardous Substances at, on, or beneath, to, from or in the indoor or outdoor environment at any of the Businesses or IPC Asset or any off-site location (including soil, sediment, surface water, groundwater, air or any component of a structure), which would reasonably be

expected to result in a Material Adverse Effect. To the Knowledge of Seller, there are no pending or threatened Actions with respect to the Businesses or the IPC Assets alleging or concerning any violation of or responsibility or liability under any Environmental Law or the Release, threatened Release or presence of any Hazardous Substances at, on, beneath, to, from or in the indoor or outdoor environment at any of the Businesses or IPC Assets or any off-site location (including soil sediment, surface water, groundwater, air or any component of a structure) that, if adversely determined, would reasonably be expected to result individually or in the aggregate in a Material Adverse Effect.

(d) The IPC Companies hold and are in material compliance with all Permits from all Governmental Authorities under all Environmental Laws required for the operation of the Business and the IPC Assets, except Permits the failure of which to hold would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. To the Knowledge of Seller, there are no pending or threatened Actions seeking to modify, revoke or deny renewal of any of such Permits.

(e) To the Knowledge of Seller, no claims have been asserted or threatened against any of the IPC Companies or any Seller Group Member for any personal injury (including wrongful death) or property damage (real or personal) arising out of exposure to Hazardous Substances used, handled, generated, transported, disposed of or Release at any of the IPC Assets, that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect individually or in the aggregate.

(f) None of the IPC Companies and none of the Seller Group Members is subject to any outstanding written Governmental Order or settlement agreement with any Person relating to any of the IPC Assets or the Business, in each case with respect to any Environmental Matters that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect individually or in the aggregate.

(g) To the Knowledge of Seller, no IPC Assets are listed or proposed for listing on the NPL, or on the Comprehensive Environmental Response Compensation and Liability Information System List ("CERCLIS") or any similar state list of sites.

Section 3.12 Compliance with Applicable Laws.

(a) The IPC Companies hold all Permits necessary to entitle the IPC Companies to own or lease, operate and use the IPC Assets (except with respect to IPC Assets not owned or leased by the IPC Companies, before giving effect to asset transfers contemplated by this Agreement), and for the lawful conduct of the Business, other than any Permits for which the failure of an IPC Company to hold such Permits would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect (collectively, the "Material Permits"). Schedule 3.12 (a) sets forth a list and brief description of each Material Permit. Each Material Permit is valid and in full force and effect. Except as set forth in Schedule 3.12(a), each IPC Company is in compliance in all material respects with its Material Permits. The Business is not being, and none of the IPC Companies or their respective Affiliates has received any notice from any Person that the Business is being, conducted in violation of any Law, including any Law relating to occupational health and safety, except for

possible violations that would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect. Notwithstanding the foregoing, no representation or warranty in this Section 3.12 is made with respect to ERISA matters, environmental matters, labor and employee matters and intellectual property matters. In no event shall Material Permits be deemed to include any item which is a Material Contract.

(b) Each of the IPC Companies is in compliance with regulations under Illinois Law governing its operations as an Integrated Distribution Company, under 83 Illinois Administrative Code Part 452, to the extent applicable.

(c) Schedule 3.12(c) sets forth a list of each municipal and county franchise agreement to which any IPC Company is a party as of the date hereof.

Section 3.13 Labor Matters; Employees.

(a) Schedule 3.13(a) lists all collective bargaining, labor or similar agreements, including material local or side agreements (other than Employee Benefit Plans as set forth in Section 3.10), in effect to which any IPC Company is a party or by which any IPC Company is bound or otherwise used in the Business). Copies of all such agreements have been made available to Purchaser. Since February 1, 2000, each IPC Company has complied in all material respects with its obligations related to, and is not in material default under, any collective bargaining agreement to which any IPC Company is a party or by which any IPC Company, the Business or the IPC Assets may be subject or bound. To the Knowledge of Seller, there are currently no union organizing activities relative to any IPC Company, the IPC Assets or the Business among the current employees of any IPC Company. Other than ordinary grievances concerning individual employees that are being resolved solely pursuant to internal grievance procedures and immaterial and ordinary course Actions pending or, to the Knowledge of Seller, threatened involving employment matters, (i) there is no labor strike, dispute, slowdown, work stoppage or lockout actually pending or, to the Knowledge of Seller, threatened against or directly and adversely affecting any IPC Company, the IPC Assets or the Business; (ii) there is no unfair labor practice charge or complaint against any IPC Company or involving the IPC Assets or the Business pending or, to the Knowledge of Seller, threatened before the National Labor Relations Board or any similar state or foreign agency; and (iii) there is no pending or, to the Knowledge of Seller, threatened employee or governmental claim or investigation regarding employments matters, including any charges to the Equal Employment Opportunity Commission or state employment practice agency, or, to the Knowledge of Seller, investigations regarding Fair Labor Standards Act compliance, audits by the Office of Federal Contractor Compliance Programs.

(b) Since February 1, 2000, no IPC Company has effectuated (i) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any IPC Company; or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of any IPC Company, nor has any IPC Company been engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

(c) As of the date of this Agreement, Employees of the IPC Companies who are represented by the Laborers International Union or the Pipefitters receive the same employee benefits as the employees of the IPC Companies who are represented by the International Brotherhood of Electrical Workers (the "IBEW"), as provided for in the Joint Benefits Agreement with the IBEW.

Section 3.14 Material Contracts. Except as set forth in Schedule 3.14:

(a) No IPC Company is a party to or bound by: (i) any Contract that provides for remaining annual consideration in an amount in excess of $5,000,000; (ii) any Contract that restricts any IPC Company, the IPC Assets, the Business or any Person who after the Closing would be an Affiliate of such IPC Company from engaging in any line of business or competing with any Person;
(iii) any Contract limiting the right of any IPC Company to pay dividends or distributions to its shareholders; (iv) any Contract that would impose or expressly permit the imposition of, or require any Person to impose or expressly permit the imposition of, upon and due to the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement, any Lien other than Permitted Liens upon any of the businesses, assets or properties of Purchaser or any of its Affiliates; or (v) any Contract that is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the General Rules and Regulations promulgated by the SEC) of the IPC Companies (such Contracts described in clauses (i) through (v), collectively the "Material Contracts". Notwithstanding the foregoing, no representation or warranty in this
Section 3.14 is made with respect to, and "Material Contracts" shall be deemed not to include any Contract relating to, ERISA matters, environmental matters, labor and employee matters, personal property, intellectual property matters and real property matters (other than the real property matters identified on Schedule 3.14). In no event shall Material Contracts be deemed to include any item which is a Material Permit.

(b) Each IPC Company that is a party to a Material Contract has performed in all material respects all obligations to be performed by it and has observed in all material respects all terms to be observed by it under such Material Contract. No IPC Company has received any written notice of cancellation or threatened cancellation relating to a Material Contract or has any Knowledge that a Material Contract is likely to be cancelled, other than upon any expiration of such Material Contract in accordance with its terms.

(c) Except as set forth in Schedule 3.14, each Material Contract is a valid and binding agreement, is in full force and effect, is Enforceable by the IPC Company that is a party thereto against each other party thereto in accordance with its terms, except for those Material Contracts which by their terms will expire prior to the Closing (or are otherwise terminated prior to the Closing in the ordinary course of business or in accordance with the provisions of this Agreement). To the Knowledge of Seller, each other party to a Material Contract is not in default or in breach in any material respect of any such Material Contract.

Section 3.15 Intellectual Property.

(a) Schedule 3.15 contains a complete list of all issued patents, registered copyrights, trademark registrations, domain name registrations, and applications for any of the foregoing that have been issued to, assigned to or

filed by any of the IPC Companies or used in the Business, except for such issued patents, registered copyrights, trademark registrations, domain name registrations, and applications for any of the foregoing, the failure of which to have would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. Except as would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect, the IPC Companies have all rights to the Intellectual Property owned, licensed or used by them as are necessary to conduct the Business.

(b) Except as disclosed in Schedule 3.15, (i) all material patents, trademark registrations, service mark registrations and internet domain name registrations issued to, assigned to or filed by any of the IPC Companies or used in the Business are in full force and effect and all applications for any such patent, trademark and service mark are pending without challenge (other than office actions which may have been issued by the U.S. Patent and Trademark Office or its foreign equivalents); (ii) the material Intellectual Property in the form of Contracts is Enforceable by the IPC Company that is a party to such Contracts; and (iii) the IPC Companies have the right to bring actions for infringement or unauthorized use of the material Intellectual Property owned by the IPC Companies.

(c) As of the date hereof and except as disclosed in Schedule 3.15,
(i) during the three years before the Closing Date, no written claim has been made or asserted against any of the IPC Companies that alleges any Intellectual Property owned or used by any of the IPC Companies or used in the Business and material to their business infringes the Intellectual Property of another Person; (ii) no litigation, arbitration or other proceeding is currently pending or, to the Knowledge of Seller, threatened against any of the IPC Companies or any of their respective Affiliates with respect to any material Intellectual Property owned or used by or used in the Business; (iii) during the three years before the Closing Date, no claim has been made or asserted against any of the IPC Companies or any of their respective Affiliates that challenges the validity, enforceability or ownership of any material Intellectual Property owned or used by the IPC Companies or used in the Business; (iv) to the Knowledge of Seller, the conduct of the Business does not violate, conflict with or infringe the Intellectual Property owned by any other Person; and (v) to the Knowledge of Seller, there is no continuing infringement by any other Person of the material Intellectual Property owned or used by any of the IPC Companies or used in the Business.

(d) Schedule 3.15 contains a complete list of all material Software owned or licensed by any of the IPC Companies or used in the Business. Except as disclosed in Schedule 3.15 or as would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect, the IPC Companies either: (i) own the entire right, title and interest in and to the Software used in the Business free and clear of Liens except for Permitted Liens; or (ii) have the right and license to use the same in the conduct of the Business. Except as would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect, the IPC Companies have all rights to the Software owned licensed or used by them or in the Business as are necessary to conduct their Business.

Section 3.16 Real Property. The IPC Properties and the scope of the IPC Companies' rights in the IPC Properties are sufficient for the operation of the Business in the manner currently operated and in compliance in all material

respects with all applicable Laws. No IPC Company owns, leases or uses in connection with the Business any real property other than the IPC Properties. Except as set forth on Schedule 3.16 or as would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect: (i) the IPC Companies have good, valid, marketable and insurable fee simple title to the IPC Owned Real Property, a good, valid, marketable and insurable leasehold interest in the Leased Real Property, and easements or other similar rights in, and quiet enjoyment of, the IPC Other Real Property, in each case free and clear of any Liens other than Permitted Liens (and, in the case of the Leased Real Property, subject to (a) any assignment or transfer restrictions and other terms and conditions contained in any applicable lease, and (b) if applicable, the lack of recordation of such lease or a memorandum thereof in the applicable local real estate recording office); (ii) all improvements and occupancy, and the use of such improvements and occupancy of the IPC Properties, and all business operations thereon conform in all material respects with all applicable zoning, building, fire and safety Laws and, to the Knowledge of Seller, none of the IPC Properties has received any currently effective notice of noncompliance with any Laws; (iii) each lease, sublease, easement, license or other agreement or instrument comprising any portion of the IPC Properties is a valid and binding agreement in full force and effect and Enforceable by the IPC Company which is a party thereto against the other parties thereto, no material default by any of the IPC Companies or, to the Knowledge of Seller, by any other party exists under any provision thereof and no condition or event exists which after notice or lapse of time or both would constitute a material default thereunder by any of the IPC Companies or, to the Knowledge of Seller, any other party;
(iv) there are, to the Knowledge of Seller, no disputes, oral agreements, or forbearance programs in effect with respect to any such lease, sublease, easement, license or other agreement or instrument; (v) no IPC Company nor any IPC Property is in material breach or default under, or in violation of or noncompliance with, any Liens and, to the Knowledge of Seller, no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a breach, default, violation or noncompliance; (vi) none of the IPC Companies has received written notice and Seller have no Knowledge of (A) any default by a landlord or other Person under any fee mortgage or other Lien that is superior to any lease, sublease, easement or license comprising a portion of the IPC Properties or (B) any claim of paramount title by any third party claiming the right to terminate any lease, sublease, easement or license comprising a portion of the IPC Properties; (vii) the IPC Companies have legal and practical access to all roads and utilities needed for the conduct of their business on the IPC Properties in the manner presently conducted; (viii) none of the IPC Companies has received and, to the Knowledge of Seller, there do not exist any adverse claims to such access that would adversely affect the use currently being made of such access by the IPC Companies; (ix) there are no encroachments onto IPC Properties of any improvements on any adjoining property; (x) the IPC Properties are not located within any flood plain or subject to any similar type of restrictions for which any permit, license or additional insurance may be necessary for the use and operation thereof; and (xi) there are no pending condemnation or similar proceedings relating to any of the IPC Properties. The transfer of the Generation Assets pursuant to the Asset Transfer Agreements (including for these purposes the Generation Agreement) were consummated in compliance in all material respects with all Laws, Permits and any approvals of any Governmental Authority.

Section 3.17 Brokers. No broker, finder or investment banker (other than Credit Suisse First Boston LLC) is entitled to any brokerage, finder's fee or other fee or commission payable by Dynegy or Seller or any of their respective Affiliates in connection with the transactions contemplated hereby and by the Ancillary Agreements.

Section 3.18 Personal Property. Schedule 3.18 contains a list of each Contract or right under which any of the IPC Companies is lessee, or holds or operates, any machinery, equipment, vehicle or other tangible personal property owned by a Person other than the IPC Companies, except those that are terminable by the IPC Company party thereto without penalty on 60 days or less notice and those that provide for annual payments of $500,000 or less.

Section 3.19 Availability of Assets; Affiliate Transactions.

(a) Except as set forth in Schedule 3.19, the IPC Assets constitute all the material assets used in the Business and are sufficient for the conduct of the Business as it is currently conducted.

(b) Schedule 3.19 sets forth a description of all material services provided by any Affiliate of any of the IPC Companies (other than another IPC Company) to any of the IPC Companies with respect to the Business utilizing either (i) assets not included in the IPC Assets or (ii) employees that are not Active Employees, and the manner in which the costs of providing such services have been allocated to the Business.

Section 3.20 Title to Property. The IPC Companies have good and marketable title to all of the material IPC Assets (other than the IPC Properties, which are covered by Section 3.16), free and clear of all Liens, except for Permitted Liens.

Section 3.21 Bank Accounts; Powers of Attorney; Minute Books.

(a) Schedule 3.21 lists a complete and correct list of all bank accounts and safe deposit boxes of each IPC Company and persons authorized to sign or otherwise act with respect thereto and a complete and correct list of all persons holding a general or special power of attorney granted by any of the IPC Companies and a complete and correct copy thereof.

(b) The minute books of each of the IPC Companies have been made available to Purchaser. Such minute books contain true and complete records of all meetings and other corporate action taken by the board of directors and stockholders of each of the IPC Companies during the past three years.

Section 3.22 Regulation as a Utility. IPC is regulated as a public utility by the State of Illinois. Except as set forth in the previous sentence, neither IPC nor any "subsidiary company" or "affiliate" of IPC is subject to regulation as a public utility or public service company (or similar designation) by any other state in the United States or any foreign country. Dynegy and Seller are public utility holding companies as defined by PUHCA, but currently claim exemptions from registration under PUHCA under Section 3(a)(1) of PUHCA pursuant to orders of the SEC issued thereunder.

Section 3.23 Regulatory Proceedings. Except as listed on Schedule 3.23, and other than fuel adjustment or purchase gas adjustment, manufactured gas plant remediation expense adjustment or similar adjusting rate mechanisms, none of the IPC Companies all or part of whose rates or services are regulated by a Governmental Authority (a) is a party to any rate proceeding before a Governmental Authority that would reasonably be expected to result in orders that, individually or in the aggregate, would have a Material Adverse Effect;
(b) has rates that have been or are being collected subject to refund, pending final resolution of any rate proceeding pending before a Governmental Authority or on appeal to a court; or (c) is a party to any Contract with any Governmental Authority (other than franchise, customer and service area agreements) imposing conditions on rates or services in effect as of the date hereof.

Section 3.24 Hedging. Except as set forth in Schedule 3.24, none of the IPC Companies engages in any natural gas, electricity or other futures or options trading or is a party to any price swaps, hedges, futures or similar instruments, except for transactions and Contracts entered into, or hedge Contracts, for the purchase or sale of electricity or hydrocarbons, transmission rights and ancillary services or other financial hedges and swaps to which any of the IPC Companies is a party that, to the Knowledge of Seller, are in accordance with the general practices of other similarly situated companies in the industry.

Section 3.25 Responsibility for Compliance with Sarbanes-Oxley Act. IPC has responsibility for establishing and maintaining internal control over financial reporting, as defined in the Sarbanes-Oxley Act, of IPC through the Closing to the extent required of IPC through such date in its capacity as a Subsidiary of Dynegy, pursuant to the Sarbanes-Oxley Act.

Section 3.26 Insurance. Each of the IPC Companies is currently insured with insurers rated at least A.M. Best A-VII, and are in such amounts and against such types of risks as are customary and appropriate in its industry or otherwise deemed reasonable by Seller. All such policies are in full force and effect; however, except for the coverage required under Section 5.5(c), coverage of the IPC Companies under Seller's insurance policies will terminate at Closing. As respects the current policies of insurance covering the IPC Companies, Corporate Risk Management & Insurance has not received any written notice of cancellation with respect to any insurance policy covering any IPC Company, except as would not have a Material Adverse Effect. All premiums due and payable with respect to such policies have been paid. For any written notice of any demand or suit against any IPC Company for damages because of bodily injury, including death, personal injury or property damage made against any IPC Company estimated to have an ultimate liability of $500,000 per occurrence or more, Seller and Dynegy represent that these matters have been reported to IPC's

excess insurance carrier(s) to the extent that information has been disclosed in writing from the IPC Companies' personnel to the Corporate Risk Management & Insurance Department (Houston).

Section 3.27 Clinton Nuclear Power Station. Except as set forth in Schedule 3.27, as of the date hereof, to Seller's Knowledge:

(a) neither AmerGen nor any of its Affiliates have made demand, notice of claim, claim or potential claim against Seller or any of its Affiliates arising from the Asset Purchase Agreement dated June 30, 1999, between AmerGen and IPC or other agreement related to the sale of the Clinton Nuclear Power Station ("APA"), including any claim for indemnification pursuant to Section 8.1(b) of the APA;

(b) neither Seller nor any of its Affiliates have made demand, notice of claim, claim or potential claim against AmerGen arising from the APA or other agreements related to the sale of the Clinton Nuclear Power Station, including any claim for indemnification pursuant to Section 8.1(a) of the APA;

(c) no demands, claims or potential claims have been asserted against Seller or any of its Affiliates arising out or related to IPC's ownership or operation of the Clinton Nuclear Power Station; and

(d) no demands, claims or potential claims, liabilities or obligations have been asserted against Seller or any of its Affiliates arising from (or alleged to arise from) the off-site disposal, treatment, storage, transportation or recycling of Hazardous Substances from the Clinton Nuclear Power Station, including any shipments from Clinton Nuclear Power Station prior to December 15, 1999.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Seller, IGC and Dynegy to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby, Purchaser hereby represents and warrants to Seller, IGC and Dynegy as follows:

Section 4.1. Organization and Qualification.

Purchaser is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Missouri, is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the character of Purchaser's properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not individually or in the aggregate reasonably be expected to result in a material adverse effect on Purchaser's ability to perform its obligations under this Agreement or the Escrow Agreement. Purchaser has the requisite corporate power and authority to own, use or lease its properties and to carry on its business as it is now conducted. Purchaser has made available to Seller a complete and correct copy of its certificate of

incorporation and by-laws, each as amended to date, and Purchaser's certificate of incorporation and by-laws as so made available are in full force and effect. Purchaser is not in default in the performance, observation or fulfillment of any provision of its certificate of incorporation and by-laws. Purchaser is treated as a corporation for all Tax purposes and is eligible to be the purchaser in a "qualified stock purchase" as such term is defined in Section 338 of the Code.

Section 4.2. Authority.

Purchaser has full corporate power and authority to execute and deliver this Agreement, the Escrow Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, the Escrow Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Purchaser's board of directors, and no other authorization or consent on Purchaser's part is necessary to authorize this Agreement, the Escrow Agreement or to consummate the transactions contemplated hereby. This Agreement and the Escrow Agreement have been duly and validly authorized, executed and delivered by Purchaser and is Enforceable against Purchaser.

Section 4.3. Conflicts. The execution and delivery of this Agreement, the Escrow Agreement and the consummation of the transactions contemplated hereby, and the performance by Purchaser of its obligations hereunder do not and will not:

(a) except as listed in Schedule 4.3(a), require any writ, waiver, consent, judgment, decree, approval, order, act or Permit of, or registration, filing with or notification to any Governmental Authority, except for Permits that are ministerial in nature and are customarily obtained from Governmental Authorities after closings in connection with transactions of the same nature as are contemplated hereby; or

(b) except as listed on Schedule 4.3(b), conflict with, result in any violation of or the breach of or constitute a default (with notice or lapse of time or both) under, or give rise to any right of termination, purchase, first refusal, cancellation, modification or acceleration or guaranteed payments or a loss of rights under, (i) any provision of the certificate of incorporation or by-laws (or similar organization documents) of Purchaser; (ii) any provisions of any material Contract or other obligation or any Governmental Order or Permit to which Purchaser is a party or by which Purchaser or any of its properties or assets may be bound, except in the case of clause (ii) such conflicts, violations, breaches, defaults, or rights of termination, cancellation, modification or acceleration, guaranteed payments or losses of rights which, individually or in the aggregate, would not reasonably be expected (A) to result in a material adverse effect on, or otherwise materially impair the ability of, Purchaser to perform its obligations under this Agreement or (B) to prevent the consummation of any of the transactions contemplated hereby; or

(c) violate the provisions of any Law or Governmental Order applicable to Purchaser or any of its assets or properties.

Section 4.4. Securities Matters. Purchaser is an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act. Purchaser (a) is acquiring the Shares solely for investment with no present intention to distribute any of the Shares to any Person and (b) will not sell or otherwise dispose of any of the Shares except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities Laws.

Section 4.5. Litigation. As of the date hereof, there is no Action (or group of related Actions) pending or, to the Knowledge of Purchaser, threatened against Purchaser that seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

Section 4.6. Availability of Funds. Purchaser currently has the financial ability to consummate the transactions contemplated by this Agreement and Purchaser will, at the Closing and thereafter as necessary to comply herewith, have sufficient cash in immediately available funds to pay the cash portion of the Purchase Price pursuant to Article II, to consummate the transactions contemplated hereby and otherwise to satisfy its obligations under this Agreement, including those under Section 5.9.

Section 4.7. Brokers. No broker, finder or investment banker (other than Goldman, Sachs & Co.) is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser or any of its Affiliates.

ARTICLE V
ADDITIONAL AGREEMENTS

Section 5.1. Conduct of Business Prior to the Closing. Except as contemplated by this Agreement, any Ancillary Agreement or as set forth on Schedule 5.1, from the date hereof until the Closing, the Dynegy Parties shall cause the Business to be conducted in the ordinary course to maintain the IPC Assets in good operating condition and repair and to use their commercially reasonable efforts (consistent with past practice) to keep intact the Business, keep available the services of the IPC Companies' employees and the employees used in connection with the Business and preserve the goodwill of the customers, suppliers, contractors, Governmental Authorities, distributors and others having a relationship with any of the IPC Companies. Without limiting the generality of the foregoing, except as contemplated by this Agreement, any Ancillary Agreement or as set forth on Schedule 5.1, Dynegy and Seller shall not permit any IPC Company to do any of the following without the prior written consent of Purchaser, not to be unreasonably withheld (such consent to be granted or withheld, as the case may be, promptly after a Seller's written request therefor):

(a) modify or amend its articles of incorporation or by-laws (or comparable constitutive documents) in a way that would adversely affect the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement;

(b) modify, terminate or amend any Material Contract, IPC Other Real Property or Leased Real Property, other than in the ordinary course;

(c) adopt or amend any Employee Benefit Plan or Compensation Arrangement or any related trust or enter into or adopt any collective bargaining agreement or other Contracts with any labor union or similar organization that applies to, or covers, Employees, except, in each case, (i) in the ordinary course consistent with past practice in a manner that does not materially increase the cost of the compensation and benefits of any Employee or (ii) as required by applicable Law;

(d) grant to any Employee any increase in guaranteed cash compensation, except (i) in the ordinary course consistent with past practice or (ii) as may be required (A) under existing Contracts, or (B) pursuant to any Employee Benefit Plan as in effect on the date hereof;

(e) sell, transfer or lease any of the IPC Assets to, or extend, modify, terminate, amend or enter into any Contract with, any of their Affiliates, except pursuant to intercompany transactions in the ordinary course, subject to the requirements of Section 5.7;

(f) fail to make or incur capital expenditures in 2004 (or, if applicable, the portion of 2004 prior to the Closing Date) in accordance with Schedule 5.1(f), the result of such failure being that less than the cumulative total of the year-to-date capital expenditures set forth in Column G of Schedule 5.1(f) are made in 2004 (or, if applicable, the portion of 2004 prior to the Closing Date). In computing the amount of actual capital expenditures made, no amounts in respect of IPP (Column B in Schedule 5.1(f)) and new business (Column E in Schedule 5.1(f)) will be included;

(g) except in the ordinary course, enter into any material lease, license or easement of real property that cannot be assigned to Purchaser in connection with the transactions contemplated by this Agreement without the consent of the other parties thereto; provided, however, that an IPC Company may enter into any such Contract if an IPC Company shall have used commercially reasonable efforts to exclude such consent right from such Contract in negotiating the provisions thereof;

(h) make any change in any method of accounting or accounting principles, practices or policies, other than those required by GAAP or the applicable rules and regulations of the SEC;

(i) issue, grant, sell or encumber any Equity Interest or any right relating thereto or make any other changes in the equity capital structure of any of the IPC Companies;

(j) acquire by merging or consolidating with, by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets that are material, individually or in the aggregate, to the Business, except pursuant to capital expenditures in accordance with Schedule 5.1(f);

(k) sell, lease, transfer, convey, license or otherwise dispose of, or mortgage, pledge, or impose or suffer to be imposed any Lien other than Permitted Liens on, any of the IPC Assets, except inventory and obsolete, damaged, broken or excess equipment, items or materials sold in the ordinary course consistent with past practices and licenses granted in the ordinary course;

(l) cancel any debts owed to or claims held by it, other than in the ordinary course;

(m) accelerate or delay collection of any notes or accounts receivable in advance of or beyond their regular due dates or the dates when the same would have been collected in the ordinary course (other than any accelerations or delays occurring in the ordinary course);

(n) (i) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than (A) dividends and distributions by any Subsidiary of IPC to IPC; (B) regular quarterly cash dividends with respect to the preferred stock of IPC; or (C) with respect to restructuring and eliminating the Intercompany Note; (ii) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; or (iii) purchase, redeem or otherwise acquire any shares of capital stock of IPC or any Subsidiary of IPC or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities other than the preferred shares of IPC;

(o) settle any material contingent liabilities with respect to the IPC Assets or the Business for which Purchaser could be liable other than in the ordinary course;

(p) make any fundamental change in the Business or the operations of the IPC Companies;

(q) except as required by applicable Law, prepare or file any Tax Return (including any amended Tax Return) relating to any IPC Company inconsistent with past practice or, on any such Tax Return, take any position, make any election, or adopt any method that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Tax Returns in prior periods, or settle any Audit or other proceeding relating to Taxes payable by or relating to any IPC Company that could reasonably be expected to have an adverse effect on such IPC Company in a Post-Closing Tax Period;

(r) incur any indebtedness for borrowed money in excess of $5,000,000 in the aggregate; provided, however, that nothing herein shall prevent Seller from prefunding interest payments under the Intercompany Note;

(s) take any action to (or fail to take any action necessary not to) violate any order or regulation of the ICC (in IPC's good faith interpretation of any such regulation), governing IPC's operation as an Integrated Distribution Company under 83 Illinois Administrative Code Part 452;

(t) make any change in the management of IPC's information technology department that would have a substantial adverse effect on IPC's ability to manage its information technology systems or to integrate its information technology systems with those of Purchaser, other than a change required by applicable Law or resulting from "for cause" termination; or

(u) authorize or commit to do or agree to take, whether in writing or otherwise, any of the foregoing actions.

Section 5.2. Access to Information.

(a) From March 1, 2004 or, if earlier, the date an application is filed with the ICC for approval of the transactions contemplated by this Agreement, until the Closing, to the extent permitted by applicable Law (including antitrust Laws), the Dynegy Parties shall afford the employees, counsel, accountants, consultants and representatives of Purchaser reasonable access, during normal business hours, to the offices, properties, facilities, work papers and books and records of the IPC Companies and their Affiliates and their accountants relating to the Business, including organizational charts and other human resources records, information systems architecture, database designs/structures, sample data extracts, and hardware/software inventory including code and designs (with the exception of confidential personnel records or information as to which disclosure would result in the loss of a legal privilege or protection) as Purchaser reasonably deems necessary or advisable, and to those Active Employees to whom Purchaser reasonably requests access; provided, however, that in no event shall Dynegy or Seller be deemed to have breached the provisions of this Section 5.2(a) with respect to the access provided to the counsel, accountants, consultants and representatives of Purchaser if the Dynegy Parties have used commercially reasonable efforts to cause their respective counsel, accountants and representatives to provide the level of access otherwise required pursuant to this Section 5.2(a). All information and knowledge obtained as a result of or in connection with in any investigation conducted or access provided pursuant to this Section 5.2(a) shall be subject to the Confidentiality Agreement and any joint defense agreement entered into by the parties in accordance with their respective terms and the terms hereof.

(b) From March 1, 2004 or, if earlier, the date an application is filed with the ICC for approval of the transactions contemplated by this Agreement, until the Closing, to the extent permitted by applicable Law and without unreasonable interference with IPC's business, Dynegy shall and shall cause IPC to cooperate with Purchaser in planning and preparation for integration of operations, systems, processes and other key business activities of IPC and Purchaser, including identification and commitment of IPC personnel for integration planning and making available IPC personnel to serve as an integration coordinator and key support personnel in the areas of Information Technology, Human Resources, Energy Delivery and Accounting.

(c) Purchaser, Dynegy and Seller shall provide reasonable cooperation to each other, and shall cause their respective officers, employees, accountants, consultants and representatives to provide reasonable cooperation to each other, for a period of 180 days after the Closing to ensure the orderly transition of the Business from Seller to Purchaser and to minimize any disruption to the respective businesses of Seller, Dynegy and Purchaser that might result from the transactions contemplated hereby. After the Closing, upon reasonable written notice, Purchaser, Dynegy and Seller shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives reasonable access, during normal business hours, to such information and assistance relating to the Business as is reasonably necessary for planning any systems conversions, process changes, litigation, employee benefits, environmental, financial reporting and accounting matters, the preparation and filing of any Tax Returns or the defense of any Tax audit, claim or assessment or any other similar reasonable matter. In no event shall Purchaser, Dynegy or Seller be

deemed to have breached the provisions of this Section 5.2(c) with respect to the access provided to their respective counsel, auditors and representatives if the party obligated to provide access pursuant to the terms of this Section 5.2(c) shall have used commercially reasonable efforts to cause their respective counsel, auditors and representatives to provide the level of access otherwise required pursuant to this Section 5.2(c). Each party shall reimburse the other for reasonable out-of-pocket costs and expenses incurred in assisting the other pursuant to this Section 5.2(c).

(d) No party shall be required by any provision of Section 5.2(a), (b) or (c), 5.12, 5.17 or 7.2 to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations or result in any actual or reasonably expected breach of applicable Law.

Section 5.3 Governmental Permits and Approvals.

(a) HSR Act Filings. Each party hereto shall, as soon as practicable as mutually agreed by the parties, file or cause to be filed with the Federal Trade Commission ("FTC") and the Department of Justice ("DOJ") any notifications required to be filed under the HSR Act with respect to the transactions contemplated hereby. Such parties shall use all reasonable best efforts to respond on a timely basis to any requests for additional information made by either of such agencies.

(b) Other Regulatory Approvals.

(i) Each party hereto shall cooperate and use reasonable best efforts to prepare and file as soon as practicable all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to use reasonable best efforts to obtain all necessary permits, consents, approvals and authorizations of all Governmental Authorities (including those listed on Schedules 8.1(b) and 8.2(b)) necessary or advisable to obtain for ---------- ------ the consummation of the transactions contemplated by this Agreement (it being understood that references in this Agreement to "obtaining" such permits, consents, approvals and authorizations shall mean making all such declarations, filings or registrations; giving such notices; obtaining such authorizations, consents or approvals; and having such waiting periods expire as are necessary to avoid a violation of applicable Law).

(ii) Subject to Section 5.3(c), the parties hereto further agree to (A) take any act, make any undertaking or receive any clearance or approval required by any Governmental Authority or applicable Law to obtain a Final Order, and (B) satisfy any conditions imposed by any Governmental Authority in all Final Orders. Each of the parties hereto shall (x) respond as promptly as practicable to any inquiries or requests received from any Governmental Authority for additional information or documentation, and (y) not enter into any agreement with any Governmental Authority not to consummate the transactions contemplated by this Agreement, except with the prior consent of the other parties hereto. Subject to Section 5.3(c), each of the

parties hereto shall avoid or eliminate each and every impediment under any antitrust, competition, or trade or energy regulation Law (including the FPA) that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby so as to enable the Closing Date to occur as soon as reasonably possible. The steps involved in the preceding sentence shall include agreeing to such limitations on conduct or actions as may be required in order to obtain all necessary permits, consents, approvals and authorizations of all Governmental Authorities (including those listed on Schedule 8.1(b) and 8.2(b)) necessary or advisable to obtain for the consummation of the transactions contemplated by this Agreement as soon as reasonably possible, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing or delaying the Closing Date, and defending through litigation on the merits, including appeals, any claim asserted in any court by any party.

(iii) Purchaser shall make the commitments reflected on Schedule 5.3(b) in the application to ICC.

(c) Exceptions.

(i) Notwithstanding anything to the contrary in this Agreement, Purchaser and its Affiliates shall not be required to take any action or actions that individually or together with all other actions would (A) have a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, (B) result in a change to IPC's deferred tax balances or rate base valuation or accounting entries other than as provided on Schedule 8.2(b), Item I (iv), (C) result in recovery of less than the portion of Purchaser's costs of accomplishing IPC's reorganization determined for recovery in accordance with Schedule 8.2(b), Item I(V), (D) subject IPC to any dividend restriction other than that set forth on Schedule 8.2(b), Item I
(vi), (E) result in the operation by IPC without the rider identified on Schedule 8.2(b), Item I (vii), if such operation without such rider would have a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, or (F) otherwise change the terms of the regulatory approvals described in Schedule 8.2(b), Items I (iv)-(vi), in a manner adverse to Purchaser or the IPC Companies.

(ii) Notwithstanding anything to the contrary in this Agreement, neither Dynegy nor the Seller and their respective Affiliates shall be required to take any action or actions that individually or together with all other actions would (A) have a Material Adverse Effect prior to the Closing or a material adverse effect on the business, financial condition or results of operation of DMG, or on the business of selling capacity and energy products from or in respect of DMG's existing generation assets, (B) result in a change to the terms of the PPA that is adverse to DYPM, or (C) result in Seller or any of its Affiliates making any payment or having any continuing obligation pursuant to or otherwise in respect of the Intercompany Note or making any additional capital contribution to any of the IPC Companies or

Purchaser or any of its Affiliates as a condition to the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Within 90 days of the execution of this Agreement, Seller shall cause IPC to and IPC shall undertake all necessary steps to submit a conditional membership application to accomplish the transfer of functional control of IPC's transmission facilities to the Midwest Independent Transmission System Operator, Inc. ("MISO"), provided that such transfer shall be conditioned in all respects on the consummation of the transactions contemplated hereby to occur at Closing. In accordance herewith, the joint application of the parties to the FERC provided for in Section 5.3(e) hereof shall also include an application seeking all necessary approvals under the FPA to transfer functional control of such facilities to the MISO.

(e) Responsibilities. Purchaser shall, in coordination with Seller, have primary responsibility for the preparation of any applications with or notifications to the FERC with respect to the FERC approvals described on Schedules 8.1(b) and 8.2(b), and Seller and Purchaser shall jointly file any such applications or notifications. Purchaser shall have primary responsibility for the preparation and filing of any applications with or notifications to the SEC under PUHCA. Purchaser and its Affiliates shall have primary responsibility for the preparation and filing of any applications or notifications to the ICC. Each of Purchaser and Dynegy shall be responsible for its filings with the FTC and/or the DOJ. Each party hereto shall have the right to review and approve in advance all such necessary applications, notices, petitions, filings, testimony, exhibits, responses to discovery requests or other documents made or prepared in connection with the transactions contemplated by this Agreement, which approval shall not be unreasonably withheld or delayed.

Section 5.4 Notice of Developments. Prior to the Closing, each party shall, promptly after obtaining Knowledge of the occurrence (or non-occurrence) of any condition, event, circumstance, change, occurrence or state of facts arising subsequent to the date of this Agreement that would result in a material breach of any such representation or warranty or covenant of this Agreement of such party, give written notice thereof to the other parties and shall use its commercially reasonable efforts to remedy promptly such breach; provided, however, that the delivery of, or failure to deliver, any notice pursuant to this Section 5.4 shall not limit or otherwise affect the remedies available hereunder, including the rights to indemnification under Article IX (other than to the extent set forth in Section 8.3).

Section 5.5 Insurance; Risk of Loss.

(a) Dynegy and Seller shall keep, or cause to keep, all insurance policies that provide coverage for any IPC Companies, the Business or any IPC Assets, as the case may be, in full force and effect through the Closing, or provide for the renewal of all such policies that are expiring by their own terms prior to such date. In the event of a property loss in respect of any asset of the Business, the IPC Assets or IPC Companies prior to the Closing, Seller and Dynegy agree to cede recovered insurance proceeds (net of deductible) in respect of such asset to Purchaser post-Closing for the repair of such asset. Except for the coverage required under Section 5.5(c), as of the Closing, Dynegy and Seller shall cause the termination of all insurance coverage for the Business, the IPC Assets or the IPC Companies and their respective businesses, assets, and current or former employees, and Purchaser shall become solely responsible for all

insurance coverage and related risk of loss based on events occurring after the Closing with respect to the IPC Companies, the Business, the IPC Assets, and their respective businesses, assets, and current and former employees; provided, however, that (i) no such termination by Dynegy or Seller of any "occurrence" coverage in force prior to the Closing shall be effected so as to prevent Purchaser or any IPC Company from recovering under such coverage for losses from events or damages occurring prior to the Closing; and (ii) no such termination of any "claims-made" coverage in force prior to the Closing shall be effected so as to prevent Purchaser or any IPC Company from recovering under such coverage for losses from events or damages occurring prior to the Closing to the extent the applicable insurance company or third party claims administrator shall have received written notice of claims or written notice of circumstances that are reasonably likely to give rise to a claim that occurred relating to such events on or before or within 60 days after the Closing. Dynegy and Sellers shall use commercially reasonable efforts to report to the applicable insurance company or third party claims administrator, on a timely basis before the Closing, any claims of which they have Knowledge (or circumstances that are reasonably likely to give rise to a claim) relating to events occurring prior to the Closing.

(b) For all insurance and/or self-insurance claims of the Business, the IPC Assets or the IPC Companies filed prior to the Closing, and for those claims of the Business, the IPC Assets or the IPC Companies identified as set forth in the foregoing clauses (i) and (ii), upon the consummation of the Closing, Purchaser shall be responsible for any and all costs related to any such claims, including deductibles, self-insured retentions, claims adjusting expenses, loss conversion factor expenses, retroactive premium adjustments, audits, collateral requirements and associated costs, uninsured losses, security deposits, legal fees, indemnity benefits and any other costs that become due and payable in connection with any such claims. Purchaser shall reimburse Dynegy for these costs by wire transfer of funds within twenty days of receipt of an invoice from Dynegy therefore, accompanied by reasonable supporting detail.

(c) For a period of three years after the Closing Date, Seller and Dynegy shall maintain, at their expense, directors and officers liability and fiduciary liability policies which provide coverage on terms as commercially reasonably similar to the terms of such current insurance coverage. If Seller fails to maintain such coverage or has a change in control, then Seller must purchase run-off coverage, which will provide coverage in scope and amount commercially reasonably similar to those maintained prior to the Closing Date. The expiration date of such run-off policy shall be three years from the Closing Date.

(d) To the extent that, after the Closing Date, Purchaser or Seller or any Affiliate thereof requires any information regarding claim data or other information pertaining to the Business, the IPC Assets or the IPC Companies in order to make filings with insurance carriers or administer or manage a claim, upon request, Dynegy and Seller shall promptly supply such information to Purchaser or Purchaser shall or shall cause the applicable IPC Company promptly to supply such information to Seller or the applicable Affiliate of Seller, as the case may be. To the extent that Purchaser will require the utilization of the claims data maintained by an insurance company, Purchaser agrees to assume sole responsibility for obtaining a subscription from any insurance company to obtain such claims information and the related costs associated with any such service.

(e) The provisions of this Section 5.5 shall not apply to any insurance policies that provide funding for any Employee Benefit Plan or employee Compensation Arrangement.

Section 5.6 Confidentiality.

(a) Purchaser acknowledges that the information provided or to be provided to it in connection with the transactions contemplated hereby is subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference; provided, however, that the parties hereby agree that as of the Closing Date the term of the Confidentiality Agreement shall be hereby amended to be the later of (i) two years from the Closing Date and (ii) three years from the date hereof; provided, further, however, that after the Closing, Purchaser, its Affiliates and the IPC Companies may use or disclose any confidential information related to any IPC Company, the IPC Assets or the Business.

(b) Dynegy agrees that for a period of two years after the Closing, it and its Affiliates will not use or disclose, and Dynegy will use its commercially reasonable efforts and will cause its Affiliates and each of their respective employees, officers, directors, agents and representatives not to use or disclose to any party other than Purchaser or any of its Affiliates any confidential information relating to the IPC Assets, the Business or any IPC Company. The obligation to keep such information confidential does not apply to information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure by Dynegy, any of its Affiliates or any of their respective directors, employees, agents or representatives, or (ii) is required by applicable Law or applicable Tax, accounting or SEC disclosure obligations or the applicable rules of any stock exchange or quotation system to be disclosed, but only to the extent required to be disclosed.

Section 5.7 Intercompany Arrangements. Except as listed on Schedule 5.7:

(a) all receivables or payables of any IPC Company, on the one hand, from or to, as applicable, Dynegy or any of its Affiliates (other than any IPC Company), on the other hand, shall be settled as of the Closing; and

(b) all contracts or other arrangements existing immediately prior to the Closing between any IPC Company, on the one hand, and Dynegy or any of its Affiliates (other than any IPC Company), on the other hand, shall be terminated as of the Closing, except as specifically provided in Section 5.5; provided, however, that Items 1 and 2 on Schedule 5.7 shall be terminated as of the later of the Closing Date or December 31, 2004.

Section 5.8 Use of Dynegy and Seller's Names. Prior to the Closing, Seller may cause the IPC Companies to remove any right, title or interest in any logo, trade name, trademark, service mark, house mark, domain name, web site or company name to the extent it contains or consists of the "Dynegy" name or the "Dynegy" emblem or any other mark in which one or the other of these elements appear. Purchaser will use reasonable efforts to cause the IPC Companies to remove all such items described in the preceding sentence from the IPC Assets within 60 days after the Closing Date. From and after the Closing, Purchaser will not and will cause each IPC Company not to use such items.

Section 5.9 Change of Control Offer. From and after the Closing, Purchaser shall cause IPC to comply with the change of control redemption offer provisions of the Supplemental Indenture dated as of December 20, 2002 to the General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 11 1/2% bonds due 2010.

Section 5.10 Further Assurances. Except as otherwise provided in this Agreement, from time to time following the Closing, each party shall use commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement or any agreement contemplated hereby.

Section 5.11 No Public Announcement. None of Purchaser, Dynegy or Seller shall (nor shall Seller permit any of the IPC Companies to) and each of them shall use their commercially reasonable efforts to cause their Affiliates and each of its and their respective representatives, directors, officers and agents not to, without the approval of the other, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by applicable Law, applicable accounting and SEC disclosure obligations or the applicable rules of any stock exchange or quotation system, in which case the other parties shall be advised and the parties shall use their commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the foregoing shall not preclude communications or disclosures necessary in connection with regulatory filings and interactions with Governmental Authorities (and members thereto and employees thereof) to implement the provisions of this Agreement and the Ancillary Agreements.

Section 5.12 Access to Records.

(a) To facilitate the resolution of any claims made by or against or incurred by Dynegy or its Affiliates prior to the Closing or for any other reasonable purpose, for a period of seven years after the Closing Date, Dynegy and its representatives shall have reasonable access to all of the books and records of the IPC Companies relating to periods prior to the Closing (including books and records relating to the IPC Assets and the Business); provided that
(i) in the case of books and records relating to Taxes, the covenant shall be for a period of time equal to the relevant statute of limitations with respect to such Taxes, including any extensions thereof, and (ii) with respect to items referred to in Sections 9.1(c), (d), (e), (f), (g), (h), or (i), the covenant shall be in force during the pendency of any Action or threatened Action related to such items. Such access shall be afforded by Purchaser upon receipt of reasonable advance written notice and during normal business hours. Dynegy shall be solely responsible for any costs or expenses incurred by it pursuant to this
Section 5.12(a). If Purchaser shall desire to dispose of any of such books and records prior to the expiration of such seven-year period, Purchaser shall, prior to such disposition, give Dynegy a reasonable opportunity, at Dynegy's expense, to segregate and remove such books and records as Dynegy may select.

(b) To facilitate the resolution of any claims made by or against or incurred by Purchaser or any of its Affiliates after the Closing or for any other reasonable purpose, for a period of seven years after the Closing Date,

Purchaser and its representatives shall have reasonable access to all of the books and records relating to the IPC Companies (including books and records relating to the IPC Assets and the Business) which Dynegy or any of its Affiliates may retain after the Closing Date; provided that, in the case of books and records relating to Taxes, the covenant shall be for a period of time equal to the relevant statute of limitations with respect to such Taxes, including any extensions thereof. Such access shall be afforded by Dynegy and its Affiliates upon receipt of reasonable advance written notice and during normal business hours. Purchaser shall be solely responsible for any costs and expenses incurred by it pursuant to this Section 5.12(b). If Dynegy or any of its Affiliates shall desire to dispose of any of such books and records prior to the expiration of such seven-year period, Dynegy shall, prior to such disposition, give Purchaser a reasonable opportunity, at Purchaser's expense, to segregate and remove such books and records as Purchaser may select.

Section 5.13 No Solicitation. From the date hereof through the earlier of the termination of this Agreement or the Closing Date, Dynegy and Seller shall not, and Dynegy shall not permit its Subsidiaries, and shall use its commercially reasonable efforts to cause any officers, directors, employees, financial advisors and other agents or representatives of Dynegy or its Subsidiaries not to, directly or indirectly, solicit or encourage (including by way of furnishing any non-public information concerning the IPC Companies or their assets) inquiries or proposals, or participate in any discussions or negotiations with any Person (other than Purchaser and its agents and representatives), concerning a Potential Transaction. For purposes of this Agreement, a "Potential Transaction" shall mean a possible acquisition of the Business, whether by merger or by the acquisition of the stock or substantially all the assets of Seller or IPC.

Section 5.14 Terminated Employees. On the Closing Date, Dynegy shall provide Purchaser with a list that sets forth the number of full and part time employees of any IPC Companies involuntarily terminated, and whether or not such termination was for cause, during the period beginning 90 days prior to the Closing Date.

Section 5.15 Intercompany Note. At or within two days prior to the Closing, the parties will take the actions set forth on Schedule 5.15 with respect to the Intercompany Note.

Section 5.16 Covenant Not to Sue.

(a) Each of Dynegy and Seller shall not, and shall cause their respective Affiliates and their respective successors not to, directly or indirectly, sue any Purchaser Group Member with regard to any Generation Liabilities, and shall release and forever discharge all Purchaser Group Members from such Generation Liabilities.

(b) Each of Dynegy and Seller shall not, and shall cause each of their respective Affiliates and each of their respective successors not to, directly or indirectly, argue, assert, claim, agree or bring any Action or enter into any settlement that alleges or stipulates that any Purchaser Group Member is or should be responsible, liable or obligated to take or not to take any action, make any payment, incur any expense, with respect to any liabilities,

commitments, or obligations of Seller or any of its Affiliates or in connection with the Generation Liabilities.

Section 5.17 IPC Property. At least 120 days prior to Dynegy's good faith estimate of the Closing Date, Dynegy and Seller shall and shall cause their Affiliates to make available to Purchaser, for inspection or copying by Purchaser at Purchaser's expense (but only to the extent that such documents or materials are in the possession or control of Dynegy, Seller, or any of their Affiliates) existing documents containing (i) the legal descriptions of the IPC Owned Real Property and the material Leased Real Properties, and (ii) lists or summaries of all other IPC Properties (together with legal descriptions thereof), together with copies of any easement, license, right of way, use or similar agreements, and any other title documents relating to the IPC Other Real Property. Dynegy and Seller shall cooperate reasonably, and shall cause IPC to cooperate reasonably and to execute such customary affidavits and documents (with such modifications as may be necessary for factual accuracy), as may be reasonably requested by Purchaser's title insurance company, prior to the Closing Date in connection with any title insurance coverage reasonably obtained by Purchaser at Closing; provided that neither Dynegy nor Seller (nor any of their Affiliates, other than IPC) nor any of the officers or employees of Seller or of Dynegy (or of any of their Affiliates, including IPC) shall be required to incur any cost or liability in connection with the acquisition by Purchaser of title insurance at the Closing or any affidavits or other instruments required by Purchaser's title company as a condition to issuing such title insurance at the Closing, it being understood that any such title affidavits or documents shall be provided solely by IPC and any costs associated with such title insurance (and any title endorsements and other documents or instruments required in connection with Purchaser's title insurance) shall be borne solely by Purchaser.

Section 5.18 Remediation of Excluded Environmental Matters.

(a) After the Closing, if (x) Purchaser reasonably determines that Remediation of a Hazardous Substance should be performed in response to (i) a requirement of an Environmental Law; (ii) a Governmental Order from a Governmental Authority with jurisdiction over the applicable Excluded Environmental Matters; (iii) a reasonable claim or demand by a third party made in connection with an Environmental Law or Excluded Environmental Matters or liability under the common law for the actual or alleged presence or Release of Hazardous Substances; or (iv) the presence or Release of a Hazardous Substance in excess of an applicable and relevant standard in an Environmental Law which necessitates Remediation under such Environmental Law, and (y) such Remediation relates to the Business or IPC Assets as they existed immediately prior to the Closing, then Purchaser shall implement the required Remediation. In such event, Purchaser shall notify Dynegy at least twenty (20) Business Days, or as soon as reasonably possible if prompt Remediation is legally required or advisable under this Section 5.18, in advance of commencing such Remediation and shall request authorization from Dynegy to perform or cause one of its Affiliates to perform the Remediation; provided, however, if Purchaser is required by a Governmental Authority with jurisdiction to immediately take remedial action, Purchaser shall proceed as required and notify Dynegy as soon as practicable thereafter of its action and provide the other information required by this Section 5.18. Purchaser's notice to Dynegy shall include a reasonably detailed description of the Remediation to be performed and a detailed cost estimate for such

Remediation. Upon Purchaser's receipt of Dynegy's written consent (which shall not be unreasonably withheld or delayed) to perform (or cause one of its Affiliates to perform) the Remediation, Purchaser shall commence the Remediation in accordance with the Remediation plan. Except for claims treated in the last sentence of Section 9.5(a), Dynegy shall reimburse Purchaser or such Affiliate of Purchaser for all cost and expenses incurred in connection with such Remediation within 30 days of Purchaser or such Affiliate submitting an invoice therefor to Dynegy; provided, however, that Purchaser may, at its discretion, submit invoices either periodically or at the completion of Remediation and Dynegy shall reimburse Purchaser or such Affiliate for all costs and expenses incurred in connection with such Remediation within 30 days of receiving such invoice. Purchaser shall promptly notify Dynegy of any material changes in the Remediation plan or costs and obtain approval, which shall not be unreasonably withheld, for such changes. Notwithstanding any other provision to the contrary in this Section 5.18(a), after Purchaser receives written notice from a Governmental Authority with jurisdiction over Remediation performed at a site by Purchaser under this Section that such Remediation has been completed and/or that no further Remediation is needed at that time, Purchaser shall perform no further Remediation at the site unless subsequently required to do so in accordance with the terms of such notice or a new event subject to Sections 5.18(a)(i), (ii), (iii) or (iv). Dynegy, Seller or any Affiliate thereof may request that a Governmental Authority issue such notice.

(b) In the event that Purchaser chooses to develop, or cause any IPC Company to develop, any IPC Assets for a use other than the transmission, distribution and sale of electrical energy and natural gas or substantially similar industrial purposes, Dynegy shall not become responsible under this
Section 5.18 for Remediation costs that, due to the changed use, are higher than the Remediation costs would be if such IPC Assets continued to be used for transmission, distribution and sale of electrical energy and natural gas or substantially similar industrial purposes. Accordingly, if such IPC Assets, or any portion thereof, ceases to be used for transmission, distribution and sale of electrical energy and natural gas or substantially similar industrial purposes (including repowering or development for such purposes), and if due to such changed use, the costs of Remediation relating to Excluded Environmental Matters are higher than the cost of Remediation would be if such IPC Assets (in their entirety) had continued to be used for transmission, distribution and sale of electrical energy and natural gas or substantially similar industrial purposes, except for claims treated in the last sentence of Section 9.5(a), Dynegy shall be responsible only for the costs of Remediation that Purchaser would have incurred if such IPC Assets were being used for transmission, distribution and sale of electrical energy and natural gas or substantially similar industrial purposes.

(c) If IPC, individually or collectively with DMG, shall be required, after the Closing prior to December 31, 2010, pursuant to either (i) a final, non-appealable Governmental Order in full force and effect entered by a court with proper jurisdiction over IPC or issued by the U.S. Environmental Protection Agency or (ii) a legally binding, non-appealable consent decree or administrative order or other settlement in full force and effect with all required approvals of applicable Governmental Authorities entered into by (x) DMG and IPC or (y) IPC (with the approval of Dynegy pursuant to Section 9.3) regarding, in each such case, any Clean Air Act Litigation (each of such Governmental Order, consent decree or other settlement, a "Mandate") to implement or pay for implementation of Best Available Control Technology

("BACT"), or any other emission limitation requiring installation of pollution control devices, measures or technologies on any plant that is a Generation Asset due to any alleged violation of the Clean Air Act, 42 U.S.C. Sec. 7401 et seq. (such liability, the "BACT Liability"), AND

(A) DMG, to the extent it is subject to the Mandate, fails to perform in any material respect in accordance with the terms of any such Mandate (it being understood that this clause (A) does not apply if IPC is individually or collectively with DMG subject to the Mandate), AND

(B) the Governmental Authority that issued or agreed to such Mandate, or a party to such Mandate, as the case may be, seeks a remedy to enforce IPC's compliance with the terms of the Mandate due to the failure of IPC or DMG, as the case may be, to have performed the obligations under such Mandate, AND

(C) Purchaser has demanded in writing that the Seller Indemnitors comply with their indemnification obligations pursuant to and in accordance with the requirements of Article IX with respect to IPC's Indemnifiable Losses due to the Mandate, AND

(D) the Seller Indemnitors collectively fail to comply in any material respect with such indemnification obligations then due within ten days of the Seller Indemnitors' receipt of such demand, AND

(E) the Escrowed Funds in the Escrow Account shall have been exhausted,

then Dynegy shall cause DMG to, promptly following receipt of a notice from IPC that the foregoing events described in clauses (A)-(E) have occurred and are continuing, take such action or actions as may be reasonably necessary, to the extent not prohibited by applicable Law, to cause the affected Generation Asset to become in compliance with the Mandate, including, to the extent required for such compliance, (x) by reducing the generation output of such Generation Asset or (y) by effecting the shutdown in whole or in part of such Generation Asset. The parties specifically agree that the provisions contained in Section 11.16 are applicable to the obligations provided for in this Section 5.18(c).

For purposes of this Section 5.18(c): "Clean Air Act Litigation" means the Baldwin Litigation and any Other Claim, as such terms are defined in the Escrow Agreement; and "Best Available Control Technology" shall have the meaning as set forth at Section 169(3) of the Clean Air Act, 42 U.S.C. Section 7479.

Section 5.19 Consent Solicitation. At Purchaser's request, Seller shall cause IPC to commence a solicitation of consents from the holders of IPC's 11 1/2 % bonds due 2010 to effect amendments to the indenture pursuant to which such bonds were issued. Such amendments will be designated by Purchaser with Seller's consent, which consent will not be unreasonably withheld or delayed. Such solicitation shall expire on the Closing Date, and any amendments for which approval is obtained shall be effective only if the Closing occurs. Any out-of-pocket expenses reasonably incurred by IPC in connection with such consent solicitation, including any consent payments to bondholders that are approved by Purchaser, shall be reimbursed by Purchaser promptly after receiving

invoices therefor from IPC. The successful completion of the consent solicitation is not a condition to the Closing.

Section 5.20 Generation Asset Transfers.

(a) The parties shall cooperate and use commercially reasonable efforts to identify all assets (i) transferred pursuant to any Asset Transfer Agreements or to be transferred under the Generation Agreement that are not used in the generation operations of DMG and are used in connection with the Business and
(ii) owned by any IPC Company, not used in connection with the Business and necessary for the operation by DMG of its generation business.

(b) Following the Closing, Dynegy shall cause DMG to transfer to IPC the assets identified by Dynegy and Purchaser pursuant to clause (i) of Section 5.20(a), pursuant to the Generation Agreement. Following the Closing, Purchaser shall cause IPC to transfer to DMG the assets identified by Dynegy and Purchaser pursuant to clause (ii) of Section 5.20(a) pursuant to the Generation Agreement. In connection with such transfers pursuant to this Section 5.20(b), Dynegy shall and shall cause IPC and their respective Affiliates to, in consultation with Purchaser, make all necessary filings with and obtain all necessary appraisals and governmental orders from the applicable Governmental Authorities.

Section 5.21 Certain Additional Agreements.

(a) At least 60 days prior to the Closing Date, Purchaser shall advise Seller whether transitional services will be required by Purchaser from and after the Closing Date and which such services will be required. In such event, Seller and Purchaser shall negotiate in good faith the schedules of services to be provided, the length of time for such services (which shall in no event exceed 90 days) and the rates at which such services will be provided to Purchaser, which rates will be at fair market value. Any transition services agreement entered into pursuant to this Section 5.21 is referred to as the "Transition Services Agreement". Notwithstanding anything to the contrary in this Agreement, the execution of a Transition Services Agreement shall not be a condition to the Closing for any party. Dynegy, the IPC Companies and Purchaser will cooperate during the period prior to Closing to minimize, to the extent reasonably practicable, the need for the IPC Companies to rely on transitional services after the Closing.

(b) Dynegy shall cause DMG (and any applicable Affiliate of DMG that owns or has rights to real property subject to such Agreement) to execute an Easement and Facilities Agreement (the "Easement and Facilities Agreement"), as grantor, granting valid, enforceable and insurable easement in recordable form over the real property Generation Assets to IPC, and including the terms set forth on Exhibit E. Dynegy and Purchaser shall negotiate in good faith to finalize the Easement and Facilities Agreement within 30 days after the date hereof and otherwise in form and substance mutually satisfactory to the parties. Prior to the Closing (and, if applicable, subsequent to the Closing), the Dynegy Parties shall use good faith, reasonable efforts (including causing DMG or any other Affiliate of DMG that owns or has rights to the Generation Assets) to request and obtain an agreement (each, a "Subordination Agreement"), in recordable form and otherwise in customary form, from each mortgagee (which term, as used in

this Section 5.21(b), shall include the grantee or beneficiary under a deed of trust) holding a mortgage (which term as used herein shall include a deed of trust) encumbering the Generation Assets, which Subordination Agreement shall provide for subordination of such mortgage to the Easement and Facilities Agreement. The proposed form of Subordination Agreement provided by Dynegy (or its Affiliate) to each mortgagee, and any modifications to such form, shall be subject to the approval of Dynegy and Purchaser (which approval shall not be unreasonably withheld or delayed). Dynegy shall keep Purchaser advised of the status of material responses from or communications with such mortgagees (and provide copies of drafts of the Subordination Agreement sent to or by any such mortgagee or its counsel). Dynegy shall promptly (i) make available to Purchaser copies of any mortgages encumbering the Generation Assets, (ii) provide Purchaser with a copy of any executed Subordination Agreement obtained from a mortgagee, (iii) cause any such executed Subordination Agreement to be recorded in the applicable local real estate recording office, and (iv) provide Purchaser with evidence of such recordation; provided, however, that any legal fees of the mortgagees and the cost of title endorsements required by the mortgagees related to the Subordination Agreement shall be shared equally by Purchaser and the Dynegy Parties Prior to the date that Dynegy shall have obtained an executed Subordination Agreement from a mortgagee (or in the event that any mortgagee refuses to execute a Subordination Agreement following good faith, reasonable efforts by the Dynegy Parties to obtain one), Dynegy shall give Purchaser prompt written notice of any acceleration of the applicable mortgage and any action subsequent thereto by such mortgagee to enforce the mortgage. Notwithstanding anything to the contrary set forth herein, the receipt of an executed Subordination Agreement from any mortgagee shall not be a condition to Purchaser's obligation to close hereunder. This Section 5.21 (b) shall survive the Closing. Notwithstanding the foregoing, nothing contained in this Section 5.21(b) shall require any of the Dynegy Parties or their Affiliates to take, or refrain from taking, any action that could reasonably constitute a breach or default under the terms of any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for borrowed money, or to require any of the Dynegy Parties or their Affiliates to pay any fees (other than its share of the legal fees of the mortgagees and the cost of title endorsements required by the mortgagees as provided above in this Section) to any trustee, issuer, holder, lender, secured party or other Person under any such mortgage, indenture or instrument, or commence any solicitation in order to carry out or meet the obligations in this Section.

(c) Seller shall cause IPC to allow the AmerGen Power Supply Agreement to expire in accordance with its terms as of December 31, 2004. Seller shall cause IPC to enter into one or more agreements for the purchase of 700 MW of firm capacity and energy during calendar years 2005 and 2006 (the "Base Energy Contracts") for which any necessary regulatory approvals shall have been obtained. In particular, the Base Energy Contracts will have the following characteristics:

(i) the aggregate amount of firm capacity and energy guaranteed to IPC under the Base Energy Contracts shall be (1) 400 MW provided 24-hours per day, each day of the year, and (2) 300 MW provided between 6 a.m. and 10 p.m. (prevailing time in Decatur, Illinois) each Business Day (as such term is defined in the PPA), and shall satisfy MAIN Guides and MISO capacity resource requirements for obtaining network integration transmission service under the applicable OATT and for

accreditation by the applicable NERC regional reliability council or successor organizations;

(ii) IPC shall make all reasonable efforts to obtain financial transmission rights associated with the energy provided under the Base Energy Contracts, including but not limited to nominating the transmission of such energy to the IPC system in the MISO process for financial transmission right allocation, and, further, IPC shall not sell, divest, transfer or otherwise dispose of such rights;

(iii) the Base Energy Contracts shall have a term of January 1, 2005 through December 31, 2006;

(iv) the Base Energy Contracts shall have been solicited through an independently administered competitive bidding process in which at least one party unaffiliated with Dynegy submitted an offer, and IPC shall have obtained the prior written consent of Purchaser (which shall not be unreasonably withheld) with respect to the choice of the independent administrator, whose fees and expenses shall be reimbursed by Purchaser within five Business Days of IPC's request;

(v) the Base Energy Contracts shall have been awarded to the bidder submitting the most favorable bid to IPC, taking into account price, credit worthiness, certainty of performance and other customary and commercially reasonable criteria; and

(vi) the Base Energy Contracts shall provide for the payment of actual or liquidated damages in the event of any failure to deliver the capacity or energy as specified in clause (i) above.

(d) Dynegy shall, and shall cause each Dynegy Subsidiary (other than any IPC Company) to execute and deliver to the counterparties thereto immediately following the Closing counterparts of each Ancillary Agreement to which it is a party. Purchaser shall cause IPC to execute and deliver to the counterparties thereto immediately following the Closing counterparts of each Ancillary Agreement to which it is a party. The parties specifically agree that the provisions contained in Section 11.16 are applicable to the obligations provided for in this Section 5.21(d).

(e) The parties shall agree to such changes to the Blackstart Agreement and the Easement and Facilities Agreement as may be required by any Governmental Authority in order to obtain all necessary Final Orders for the completion of the transactions contemplated hereby.

(f) None of the Dynegy Parties will, and Seller will cause IPC not to, enter into any consent decree or other settlement with regard to Clean Air Act Litigation (as defined in Section 5.18) for which IPC has direct or contingent responsibility unless such consent decree or other settlement contains a release of IPC, in form and substance reasonably acceptable to Purchaser, from all such responsibility; provided, however, notwithstanding any other provision of this Agreement to the contrary (including Section 9.3), that such release shall not be required in the case of any consent decree or other settlement relating to

the Baldwin Litigation if (1) the amount of liability for which IPC has direct or contingent liability is not greater than, in the case of a consent decree or other settlement entered into prior to the Closing, $100,000,000 or, in the case of a consent decree or other settlement entered into following the Closing, the amount of Escrow Funds held as of the date of such consent decree or other settlement under the Escrow Agreement and (2) any performance required of IPC, directly or contingently, under such consent decree or other settlement is required to be completed by December 31, 2010. Prior to the Closing, Seller shall not permit IPC to enter into any consent decree or other settlement with regard to Clean Air Act Litigation that provides for IPC liability unless DMG has joint and several liability with IPC.

(g) No later than June 30, 2004, IPC shall file with ICC revised gas service tariffs proposing a general increase in base rates for gas service. IPC shall retain (subject to the consent of Purchaser, such consent not be unreasonably withheld) qualified consultants, and, if it desires, outside counsel, to assist in the preparation and prosecution of the filing. At Closing, Purchaser shall pay to Seller an amount equal to the amounts paid or to be paid by IPC for the work of such qualified consultants and outside counsel on the filing through Closing.

(h) Dynegy agrees to cause DMG and IPC to provide cooperation to Purchaser as reasonably requested by Purchaser in any effort to obtain insurance policies providing coverage for Clean Air Act Litigation liabilities, to the extent such cooperation would not result in the loss of a legal privilege or protection for Dynegy, DMG and IPC, or the actual or potential loss, compromise, or limitation of any defense, claim, position or strategy. All information obtained by Purchaser as a result of such cooperation shall be subject to any joint defense agreement entered into by Dynegy and Purchaser. Purchaser will reimburse Dynegy for out-of-pocket costs and expenses incurred by DMG and/or IPC in providing such cooperation to Purchaser.

Section 5.22 Status Meetings. In furtherance of the covenants set forth in this Agreement, representatives of each of Dynegy, IPC and Purchaser shall meet:

(a) no less frequently than once each week, in person or by conference telephone: (i) to discuss all filings with Governmental Authorities made or to be made in connection herewith and undertakings, terms and conditions relating thereto; (ii) to discuss costs incurred or committed to be incurred, concessions made, undertakings required and other actions or tasks relating to the approvals and consents required hereunder; and (iii) to discuss regulatory and legislative plans and strategies; and

(b) subject to applicable Law, upon the request of Dynegy or Purchaser for a meeting (for which reasonable advance notice will be provided), either in person or by conference telephone, to discuss (i) financial results (including budget to actual analysis); (ii) capital project progress; (iii) actions to be taken or not to be taken or considered in current or potential regulatory proceedings; (iv) integration coordination; and (v) actions to be taken or not to be taken or considered in furtherance of the provisions of this Agreement.

Section 5.23 PPA Modification Right.

(a) By notice dated not later than September 1, 2004, Purchaser may, at its sole option and discretion (in accordance with the terms of the PPA), reduce the amount of Tier 1 Capacity specified in Appendix 1 of the PPA for all months in calendar year 2005 by up to 200 MW, provided that the IP Load, as defined and calculated in the PPA, shall have been reduced as a result of retail customers of IPC switching electricity suppliers or terminating business operations. In the event IPC releases capacity in calendar year 2005 pursuant to the provisions of this Section 5.23(a), such release shall apply in the same amount for calendar year 2006. Any written notice of Released Capacity (as defined in the PPA) shall include reasonable proof of the net reduction in IP Load, and the amount of Released Capacity shall not be greater than the amount of the net reduction in IP Load.

(b) By notice dated not later than September 1, 2005, Purchaser may, at its sole option and discretion (in accordance with the terms of the PPA), reduce the amount of Tier 1 Capacity specified in Appendix 1 of the PPA for all months in calendar year 2006 by an amount not to exceed the difference between 200 MW and the amount of capacity released, if any, pursuant to Purchaser's election under Section 5.23(a), provided that the IP Load, as defined and calculated in the PPA, shall have been reduced as a result of retail customers of IPC switching electricity suppliers or terminating business operations. Any written notice of Released Capacity (as defined in the PPA) shall include reasonable proof of the net reduction in IP Load, and the amount of Released Capacity shall not be greater than the amount of the net reduction in IP Load.

(c) Notwithstanding anything else in this Agreement, no election by Purchaser pursuant to this Section 5.23 shall serve as a basis for assertion that a condition to the Closing has not been satisfied or for indemnification pursuant to Section 9.1.

Section 5.24 Compliance with Sarbanes-Oxley Act. In the month following each calendar quarter, Dynegy shall provide Purchaser with status update on any assessment required of IPC, in its capacity as a Subsidiary of Dynegy, through the Closing in accordance with the items detailed in Schedule 5.24 to satisfy, in all material respects, the requirements of Section 404 of the Sarbanes-Oxley Act, and Dynegy shall make available to Purchaser (and Purchaser's outside advisers) the documentation supporting the implementation of such assessment, and will permit IPC to retain copies of any such documentation. Dynegy shall use commercially reasonable efforts to cause IPC to complete such assessment by September 30, 2004. Purchaser acknowledges that Dynegy's external auditors will not make any assessment with respect to the performance of the obligations contained in this Section 5.24.

Section 5.25 Litigation and Clinton Nuclear Power Station Updates. From the date hereof through the Closing Date, Seller shall give Purchaser monthly notice of newly filed litigation in which any IPC Company is named as a defendant, as well as of any event that would have been required to be disclosed in Schedule 3.27 if such event had occurred prior to the date of this Agreement.

ARTICLE VI
EMPLOYEES AND EMPLOYEE MATTERS

Section 6.1 Employment of Transferred Employees.

(a) The employment with the IPC Companies of each individual who is an Active Employee as of the Closing Date shall continue immediately after the Closing, and each such individual shall be referred to in this Agreement as a "Transferred Employee." In the case of Active Employees who are members of the "non-supervisory workforce" of the IPC Companies, within the meaning of 220 Illinois Code 5/16-128(c), such continued employment shall be at no less than the wage rates, and substantially equivalent fringe benefits and terms and conditions of employment as those that are in effect on the Closing Date, and Purchaser shall continue such wage rates and substantially equivalent fringe benefits and terms and conditions of employment for at least 30 months following the Closing Date, unless Purchaser and the collective bargaining units representing such non-supervisory Active Employees mutually agree to different terms and conditions of employment within such 30-month period. The preceding sentence is intended to satisfy the requirements of 220 Illinois Code 5/16-128(c), shall be construed in accordance with 220 Illinois Code 5/16-128(c), and shall not be construed to impose upon Purchaser any obligation that is greater than that imposed by 220 Illinois Code 5/16-128(c). For purposes of this Article VI, the term "Active Employees" shall include all full-time and part-time employees, employees on workers' compensation, military leave, special military leave, maternity leave, leave under the Family and Medical Leave Act of 1993, union leave, sick leave, domestic violence leave, long-term disability, or layoff with recall rights, and employees on other approved leaves of absence with a legal or contractual right to reinstatement, in each case who are employed by any IPC Company. Transferred Employees who are not represented by labor unions or similar collective bargaining entities are referred to as "Non-Union Transferred Employees."

(b) Recognition of Transferred Employee Service. On and after the Closing Date, Purchaser shall recognize the service of each Non-Union Transferred Employee prior to the Closing for each IPC Company, Seller and any Affiliates of Seller for purposes of eligibility, vesting and benefit accrual to the extent that such service was credited to each Non-Union Transferred Employee by Seller, such IPC Company or such Affiliate, as applicable, under a corresponding Employee Benefit Plan, except (i) for benefit accrual under any defined benefit pension plan and (ii) to the extent that such credit would result in duplication of benefits, provided that Seller provides, as soon as practicable after the Closing, a list containing each Transferred Employee's service credited by Seller to Purchaser. Notwithstanding the foregoing, in the event that Purchaser and/or any of its Affiliates adopts a benefit plan that provides benefits of a type that Transferred Employees had not received from Seller and its Affiliates before the Closing, Purchaser and/or such Affiliate(s) (as applicable) may credit service for Transferred Employees in the same manner as it credits service for other similarly situated employees. Commencing ninety (90) days prior to the Closing Date, Seller shall cooperate in good faith with Purchaser to determine, and effectuate, the most expeditious procedures subject to the limitations of applicable Law, for transferring from Seller to Purchaser such data relating to Transferred Employees that is necessary for the operation of employee benefit plans maintained by Purchaser in which Transferred Employees will participate immediately after Closing and so that all personnel records of

Transferred Employees, the service of all Transferred Employees and all other information reasonably determined by Purchaser to be needed by Purchaser in connection with the employment of Transferred Employees will be provided to Purchaser on or prior to Closing.

(c) Altenbaumer Contract. Dynegy shall take any steps necessary or appropriate so that neither Purchaser nor any IPC Company is required to assume the agreements with Larry F. Altenbaumer identified on Schedule 6.1(c) (the "Altenbaumer Contract"), and Dynegy shall retain, and be solely responsible for, all obligations and liabilities under the Altenbaumer Contract. Dynegy hereby agrees that any provision of services to Purchaser, the IPC Companies and/or any of their respective Affiliates after the date hereof will not be considered to violate any of the provisions of Section 4 of the Altenbaumer Contract.

(d) Schukar Contract. Dynegy and IPC shall take any steps necessary or appropriate so that, effective not later than as of the Closing, Dynegy assigns to IPC and IPC assumes the Contract with Shawn E. Schukar identified on Schedule 6.1(d).

(e) Termination of Plan Participation and Accruals; Assumption of Obligation to Pay Bonuses. Dynegy and the IPC Companies shall take all actions necessary and appropriate so that the participation of the IPC Companies in all Employee Benefit Plans is terminated before the Closing. Except as otherwise expressly provided in this Agreement, Transferred Employees shall not accrue benefits under any Employee Benefit Plans or any employee benefit policies, plans, arrangements, programs, practices or agreements of Seller or any of their Affiliates after the Closing Date. For the year in which the Closing Date occurs, Purchaser shall pay, or cause one of its Affiliates to pay, to the Transferred Employees any bonuses that would have been payable to the Transferred Employees for that year had the Transferred Employees remained employees of any Seller or one of its Affiliates, in accordance with the provisions of the policy, plan, arrangement, program, practice or agreement under which the bonus would have been paid (the "Seller Bonus Plans"), provided such Seller Bonus Plans are specifically identified as such on Schedule 6.1(e) and provided, further, that accruals have been made as of the Closing Date on the Working Capital Statements for the IPC Companies in accordance with GAAP. In determining the amount of the bonuses to be paid by Purchaser in accordance with the preceding sentence, Purchaser shall apply criteria that are substantially comparable to the criteria established as of the Closing Date under the Seller Bonus Plans under which the bonuses would have been paid had the Transferred Employees remained employees of any Seller or one of its Affiliates, and in no event shall Purchaser be obligated to pay aggregate bonuses under the Seller Bonus Plans that exceed the sum of $3 million plus the amount accrued as of the Closing Date for such bonuses on the Working Capital Statements for the IPC Companies.

(f) No Duplicate Benefits. Nothing in this Agreement shall cause duplicate benefits to be paid or provided to or with respect to a Transferred Employee under any employee benefit policies, plans, arrangements, programs, practices or agreements. References herein to a benefit with respect to a Transferred Employee shall include, where applicable, benefits with respect to any eligible dependents and beneficiaries of such Transferred Employee under the same employee benefit policy, plan, arrangement, program, practice or agreement.

(g) Affiliate Employees. Schedule 6.1(g) sets forth a list of those Active Employees (if any) who, as of the date hereof, are performing services for any IPC Company but are employed by an Affiliate of Seller (other than any IPC Company) (the "Affiliate Employees"). The list of Affiliate Employees shall be updated not less than 90 days prior to the Closing Date. Purchaser may offer to employ as of the Closing Date such Affiliate Employees with the consent of Seller. Each such Affiliate Employee who accepts such offer of employment shall be a Transferred Employee and shall be treated under this Agreement in a manner that is comparable to the treatment given to the Transferred Employees who were employed by an IPC Company.

(h) Term of Assumed Obligations. Notwithstanding anything in this Section 6.1 to the contrary, and except as otherwise expressly provided by Law or this Agreement or in any Contract with or on behalf of a bargaining unit to which any IPC Company is a party, Purchaser retains the right to determine after the Closing the number of non-supervisory and supervisory employees it deems sufficient to operate and maintain operations and facilities acquired hereunder, and Purchaser and its Affiliates may, at any time after the Closing, terminate the employment of any Transferred Employee or renegotiate, alter, amend or terminate any agreement or Contract concerning employment or any term thereof, any employee benefit plan, or the participation of any Transferred Employee in any such plan.

Section 6.2 Transferred Employee Benefit Matters.

(a) Defined Benefit Plans.

(i) Seller Pension Plans. As of the date of this Agreement, Transferred Employees participate in the single-employer defined benefit pension plans listed in Schedule 6.2(a), which plans are referred to collectively in this Agreement as the "Seller Pension Plans" and individually as a "Seller Pension Plan." The Seller Pension Plans also cover the Other Plan Participants (as such term is defined below). Each other person who, immediately before the Closing Date, has an accrued benefit (which remains payable in whole or in part) under a Seller Pension Plan, and is either (a) a former employee of any IPC Company or a predecessor to any IPC Company who is no longer actively employed by Dynegy, any IPC Company or any of their respective Affiliates (such as Retirees) or (b) a beneficiary or an alternate payee of an individual described in clause (a) or of a Transferred Employee is referred to in this
Section 6.2(a) as an "Other Plan Participant." Within the 60-day period immediately preceding any transfer of assets and liabilities from a Seller Pension Plan to a Purchaser Pension Plan pursuant to this Section 6.2(a), Dynegy shall provide the Purchaser with a written certification, in a form acceptable to Purchaser, that the Seller Pension Plan satisfies each of the following requirements: (A) the Seller Pension Plan is a single-employer defined benefit plan that, to the Knowledge of Dynegy and Seller, is qualified under Section 401(a) of the Code; (B) the Seller Pension Plan does not have any "accumulated funding deficiency" as defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, immediately before the Closing Date; (C) the Seller Pension Plan is not the subject of termination proceedings or a notice of termination under Title IV of ERISA; and (D) the Seller Pension Plan does not violate the requirements of any applicable collective bargaining agreement covering any Transferred Employees or Other Plan Participants.

(ii) Purchaser Obligations. Purchaser shall take all actions necessary and appropriate to ensure that, as soon as practicable after the Closing Date, Purchaser, or one of its Affiliates, maintains or adopts one or more pension plans (hereinafter referred to in the aggregate as the "Purchaser Pension Plans" and individually as the "Purchaser Pension Plan") effective as of the Closing Date and to ensure that each Purchaser Pension Plan satisfies the following requirements as of the Closing Date: (A) the Purchaser Pension Plan is a single-employer defined benefit plan that, to the Knowledge of Purchaser, is qualified under Section 401(a) of the Code; (B) any Purchaser Pension Plan that was in effect before the Closing Date is in compliance with the funding requirements of Section 302 of ERISA and Section 412 of the Code; (C) the Purchaser Pension Plan is not the subject of termination proceedings or a notice of termination under Title IV of ERISA; (D) the Purchaser Pension Plan does not exclude Transferred Employees, as a class, from eligibility to participate therein; and (E) the Purchaser Pension Plan does not violate the requirements of any applicable collective bargaining agreement covering any Transferred Employees or Other Plan Participants. No later than ten days after the Closing, Purchaser shall provide Dynegy with a written certification that the Purchaser Pension Plan satisfies each of the requirements set forth in this Section 6.2(a)(ii).

(iii) Transfer of Liabilities.

(A) In accordance with the provisions of this Section 6.2(a), Purchaser shall cause the Purchaser Pension Plans to accept all liabilities for benefits under the Seller Pension Plans, whether or not vested, that would have been paid or payable (but for the transfer of assets and liabilities pursuant to this Section 6.2(a)) to or with respect to the Transferred Employees and Other Plan Participants under the terms of the Seller Pension Plans, including all liabilities for "Section 411(d)(6) protected benefits" (as defined by Section 411(d)(6) of the Code and the regulations thereunder) that have accrued under the Seller Pension Plans to or with respect to the Transferred Employees and Other Plan Participants as of the Closing Date. Notwithstanding the foregoing, neither Purchaser nor the Purchaser Pension Plans shall assume such liabilities if Dynegy, Seller and the Seller Pension Plans do not comply in all material respects with the provisions of Section 6.2(a)(i) and (iv). Purchaser shall not amend the Purchaser Pension Plans, or permit the Purchaser Pension Plans to be amended, to eliminate any benefit accrued as of the Closing, whether or not vested, with respect to which liabilities are transferred pursuant to the foregoing provisions of this subsection (A), including any such benefit that is a "Section 411(d)(6) protected benefit" (as defined by Section 411(d)(6) of the Code and regulations thereunder), except to the extent permitted by applicable Law. Neither Dynegy nor Seller shall take any action to accelerate the vesting of Transferred Employees in their benefits (if any) under the Seller Pension Plans. Notwithstanding any other provision of this Agreement, the Seller Pension Plans shall continue to make all Benefit Payments to Other Plan Participants until both the Initial Transfer Amount and True-Up Amount have been transferred to the Purchaser Pension Plans.

(B) As soon as practicable after the Closing Date, Dynegy shall deliver to Purchaser a list reflecting each Transferred Employee's service and compensation under each of the Seller Pension Plans, each Transferred Employee's and Other Plan Participant's accrued benefit thereunder as of the Closing Date, and a copy of each pending or final domestic relations

order affecting the benefit of any Transferred Employee or Other Plan Participant.

(iv) Transfer of Assets.

(A) Not later than 90 days after the Closing, Dynegy shall cause its actuary to calculate the Accrued Liability of each participant in each Seller Pension Plan who is a Transferred Employee or Other Plan Participant and then to compare, on a Seller Pension Plan by Seller Pension Plan basis, the Accrued Liability of all the participants and beneficiaries in each Seller Pension Plan to the fair market value of the assets of the respective Seller Pension Plan as of the last day of the calendar month in which the Closing Date occurs (the "Date of Spinoff"). If the Accrued Liability of all participants and beneficiaries in a Seller Pension Plan is less than the fair market value of the assets of that Seller Pension Plan, then, in accordance with this Section 6.2(a)(iv), Dynegy shall cause to be transferred to a trust established by Purchaser as part of the respective Purchaser Pension Plan assets having a value equal to the Accrued Liability under such Seller Pension Plan for all Transferred Employees and Other Plan Participants, where each such Accrued Liability shall be determined as of the Date of Spinoff. If the total Accrued Liability under a Seller Pension Plan is equal to or more than the fair market value of the assets of that Seller Pension Plan, then Dynegy shall cause its actuary to determine the amount of assets allocable to the Accrued Liabilities of the Transferred Employees and Other Plan Participants in that Seller Pension Plan based on
Section 4044 of ERISA (the "Section 4044 Amount"); and, in accordance with this Section 6.2(a)(iv), Dynegy shall cause assets having a value equal to the Section 4044 Amount applicable to the Transferred Employees and Other Plan Participants under such Seller Pension Plan to be transferred to the trust established by Purchaser as part of the respective Purchaser Pension Plan. All such asset transfers shall take place in accordance with the procedures set forth below in this Section 6.2(a), and shall be in cash and/or other assets determined by mutual agreement of Dynegy and Purchaser.

(B) The Accrued Liability or the Section 4044 Amount (whichever is applicable) for each Seller Pension Plan shall be referred to in this Section 6.2(a)(iv)(B) as "X", and all transfers of assets to each Purchaser Pension Plan with respect to "X" shall be made in accordance with the provisions of this Section 6.2(a)(iv)(B). The initial transfer with respect to each Seller Pension Plan shall be made no later than the later of: (1) 30 days after the end of the calendar month that includes the Closing Date; or (2) the date on which the requirements of Section 6.2(a)(ii) and the requirements of Section 6.2(a)(iv)(E) have been satisfied. The date determined under the prior sentence is referred to in this Agreement as the "Initial Transfer Date". Dynegy shall cause the trust which is a part of each Seller Pension Plan to make an initial transfer, on the Initial Transfer Date to the trust which is a part of the corresponding Purchaser Pension Plan of assets having a value equal to 85% of the amount estimated by Dynegy in good faith (determined on a termination basis using the interest factors specified by the PBGC as in effect as of the Closing Date) to be equal to "X" with respect to each Seller Pension Plan (the "Initial Transfer Amount"); provided, however, if Purchaser has satisfied the requirements of Section 6.2(a)(ii) and the requirements of Section 6.2(a)(iv)(E) have been satisfied and the Seller Pension Plans do not transfer the Initial Transfer Amount as of the Initial Transfer Date,

Dynegy shall immediately thereafter cause the Seller Pension Plans to transfer to the Purchaser Pension Plans an amount equal to 75 percent of the fair market value of the assets of each Seller Pension Plan and such amount shall for all purposes of this Agreement then be deemed to be the Initial Transfer Amount. Dynegy prior to the Initial Transfer Date for each Seller Pension Plan shall provide Purchaser with evidence reasonably satisfactory to Purchaser that such Seller Pension Plan continues to satisfy the requirements for a qualified plan under Section 401 (a) of the Code. As soon as practicable after the date the final determination of the amounts to be transferred is made (the "True-Up Date"), but in no event more than 30 days after the final determination, Dynegy shall cause a second transfer to be made from the trust which is a part of each Seller Pension Plan to the trust which is a part of each Purchaser Pension Plan in cash equal to the True-Up Amount, if any, with respect to such Seller Pension Plan. The True-Up Amount, if any, for each Seller Pension Plan shall equal:

"X" minus the Initial Transfer Amount minus benefit payments made to any Transferred Employees and Other Plan Participants by the Seller Pension Plan on or after the Closing Date ("Benefit Payments"), as adjusted for earnings as calculated in accordance with this Section 6.2(a)(iv)(B).

Earnings shall be calculated in accordance with this Section 6.2(a)(iv)(B) as follows: (1) earnings shall be calculated from the Date of Spinoff to the Initial Transfer Date on an amount equal to the Initial Transfer Amount using the compound monthly rate of return (considering both gains and losses) earned or lost for the same period on the assets of the trust from which the True-Up Amount is being transferred; and (2) earnings shall be calculated from the Date of Spinoff to the True-Up Date on an amount equal to "X" minus the sum of the Initial Transfer Amount and such Benefit Payments using (a) with respect to the period from the Date of Spinoff to the last day of the calendar month preceding the True-Up Date, the compound monthly rate of return (considering both gains and losses) earned or lost on the assets of the trust from which the True-Up Amount is being transferred and (b) with respect to the period from the first day of the calendar month which includes the True-Up Date to the True-Up Date, the average rate of the 90-day Treasury Bill on the auction date which coincides with the first day of such calendar month or, if there is no auction on such date, the auction date which immediately precedes the first day of the calendar month which includes the True-Up Date. However, if the Initial Transfer Amount for a Seller Pension Plan plus the Benefit Payments made by such plan exceeded "X" with respect to such Seller Pension Plan, Purchaser as soon as practicable following such determination shall cause a transfer to be made in cash or such other assets as may be agreed upon by Dynegy and Purchaser from the trust which is a part of the corresponding Purchaser Pension Plan to the trust from which the Initial Transfer Amount was transferred equal to the difference between (i) the sum of such Initial Transfer Amount and such Benefit Payments and (ii) "X", adjusted to reflect earnings from the Initial Transfer Date until the date of such transfer from the trust which is a part of such Purchaser Pension Plan using (a) with respect to the period from the Initial Transfer Date to the last day of the calendar month preceding such transfer, the compound rate of return (considering both gains and losses) on the assets of such Purchaser Pension Plan and (b) with respect to the period from the first day of the calendar month in which the transfer occurs and the actual date of such transfer, the average rate of the 90-day Treasury Bill on the auction date coincident

with the first day of the calendar month in which the transfer occurs or, if there is no auction on such date, on the auction date which immediately precedes the first day of the calendar month in which the transfer occurs. Unless Dynegy and Purchaser agree otherwise, all transfers will occur on the last Business Day of a calendar month. Finally, notwithstanding anything in this Section 6.2(a)(iv) to the contrary, the transfers contemplated in this Section 6.2(a)(iv) shall comply with Section 414(l) of the Code and the related regulations, and the amount expressly called for to be transferred pursuant to this Section 6.2(a)(iv) shall be adjusted to the extent necessary to satisfy Section 414(l) of the Code and the related regulations as well as Section 4044 of ERISA and the related regulations.

(C) For purposes of this Section 6.2(a)(iv), the term "Accrued Liability" shall mean with respect to each Seller Pension Plan the present value of the accrued benefit, as of the Closing Date, of each Transferred Employee, each Other Plan Participant and each other participant or beneficiary in such Seller Pension Plan, determined on a termination basis using the interest factors specified by the PBGC as in effect as of the Date of Spinoff for an immediate or deferred annuity as appropriate for each such person and using the other methods and factors specified in the PBGC's regulations for the valuation of accrued benefits upon a plan termination. The Accrued Liability and the Section 4044 Amount shall be determined by an enrolled actuary designated by Dynegy, and Dynegy shall provide within 90 days after the Closing Date any actuary designated by Purchaser with all the information reasonably necessary to review the calculations of the Accrued Liability and the Section 4044 Amount and to verify that such calculations have been performed in a manner consistent with the terms of this Agreement. If there is a good faith dispute between Dynegy's actuary and Purchaser's actuary as to the amount to be transferred to any plan under this Section 6.2(a) and such dispute remains unresolved for 30 days, the chief financial officers of Dynegy and Purchaser shall endeavor to resolve the dispute. If such dispute remains unresolved for 60 days, Dynegy and Purchaser shall select and appoint a third actuary who is mutually satisfactory to both Dynegy and Purchaser and who shall recalculate the disputed amount using the actuarial assumptions described in this Section 6.2(a)(iv)(C). The decision of such third party actuary shall be rendered within 30 days and shall be conclusive as to any dispute for which such actuary was appointed. The cost of such third party actuary shall be divided equally between Dynegy and Purchaser. Purchaser and Dynegy each shall be responsible for the cost of its own actuary.

(D) In the event that, prior to the later of (i) the date that is twelve (12) months after the Closing Date or (ii) October 15, 2005, either party's actuary shall determine that there has been a material error such that the True-Up Amount was incorrect, that actuary shall determine the correct True-Up Amount and the amount that must be transferred between the respective trusts for the Seller Pension Plans and the Purchaser Pension Plans to correct such error (the "Correction Amount"), and shall provide the other party's actuary with all the information reasonably necessary to review the calculations of the Correction Amount and to verify that such calculations have been performed in a manner consistent with the terms of this Agreement. Any good faith dispute between Dynegy's actuary and Purchaser's actuary as to the Correction Amount shall be resolved pursuant to the dispute-resolution provisions set forth in Section 6.2(b)(iv)(C). As

soon as practicable after the date of the final determination of the Correction Amount, but in no event more than 30 days after such date, Dynegy or Purchaser, as applicable, shall cause the appropriate trust to transfer cash equal to the Correction Amount, as adjusted for earnings calculated in accordance with Section 6.2(a)(iv)(B) from the True-Up Date through the date of such transfer.

(E) In connection with the transfer of assets and liabilities pursuant to this Section 6.2(a), Dynegy and Purchaser and their respective Affiliates shall cooperate with each other in making all appropriate filings required by the Code or ERISA and the regulations thereunder, and the transfer of assets and liabilities pursuant to this Section 6.2(a) shall not take place until as soon as practicable after the latest of (1) the expiration of the 30-day period following the filing of any required notices with the Internal Revenue Service pursuant to Section 6058(b) of the Code, (2) the date Purchaser has delivered to Dynegy a copy of the Purchaser Pension Plan and, with respect to a Purchaser Pension Plan in effect on the date of the Closing, a copy of the most recent determination letter from the Internal Revenue Service to the effect that the Purchaser Pension Plan is qualified under Section 401(a) of the Code, together with documentation reasonably satisfactory to Dynegy of the due adoption of any amendments to the Purchaser Pension Plan required by the Internal Revenue Service as a condition to such qualification and a certification from Purchaser that no events have occurred that adversely affect the continued validity of such determination letter (apart from the enactment of any Federal law for which the remedial amendment period under Section 401(b) of the Code has not yet expired), (3) the date Dynegy has delivered to Purchaser a copy of the most recent determination letter from the Internal Revenue Service to the effect that each Seller Pension Plan is qualified under Section 401(a) of the Code, together with documentation reasonably satisfactory to Purchaser of the due adoption of any amendments to each Seller Pension Plan required by the Internal Revenue Service as a condition to such qualification and a certification from Dynegy that no events have occurred that adversely affect the continued validity of such determination letter (apart from the enactment of any Federal law for which the remedial amendment period under Section 401(b) of the Code has not yet expired), and
(4) the receipt of information enabling the enrolled actuary for the Purchaser Pension Plan to issue the certification required by Section 6058(b) of the Code.

(b) Savings Plans.

(i) As of the date of this Agreement, Transferred Employees participate in the defined contribution plans listed in Schedule 6.2(b) (collectively referred to as the "Seller Savings Plans"). Except as provided in Section 6.2(b)(v), Transferred Employees shall not be entitled to make contributions to or to benefit from matching or other contributions under the Seller Savings Plans on and after the Closing Date.

(ii) Purchaser shall take all action necessary and appropriate to ensure that, as soon as practicable after the Closing Date, Purchaser maintains or adopts one or more savings plans (hereinafter referred to in the aggregate as the "Purchaser Savings Plans" and individually as the "Purchaser Savings Plan") effective as of the Closing Date and to ensure that each Purchaser Savings Plan satisfies the following requirements as of the Closing Date: (A) the Purchaser Savings Plan is a qualified,

single-employer individual account plan under Section 401(a) of the Code; (B) the Purchaser Savings Plan does not exclude Transferred Employees from eligibility to participate therein; (C) the Purchaser Savings Plan permits Transferred Employees to make before-tax contributions (under Section 401(k) of the Code) and provides for matching contributions by Purchaser; and (D) the Purchaser Savings Plan does not violate the requirements of any applicable collective bargaining agreement.

(iii) The terms of the Purchaser Savings Plans, or each such Purchaser Savings Plan, shall provide that the Transferred Employees shall have the right to make direct rollovers to such plan of their accounts in a Seller Savings Plan, including a direct rollover of any notes evidencing loans made to such Transferred Employees; provided, that in no event shall the Purchaser Savings Plans be required to accept the transfer of Dynegy common stock; and provided, further, that Purchaser's obligation to accept rollovers of loans shall be limited as follows: (A) only loans to Transferred Employees who elect to roll over their entire account balances, and who are not in default with respect to their loans at the time of the rollover, are required to be accepted; and (B) Purchaser may impose such procedural requirements as it deems necessary or appropriate to facilitate the rollovers (including, for example, requiring that such rollovers take place at not more than two specified times and requiring Dynegy to amend the Seller Savings Plans as necessary to ensure that the rollovers are permitted to take place in accordance with this Section 6.2(b)).

(iv) Within 90 days after the Closing Date, Seller shall deliver to Purchaser a list of the Transferred Employees covered by the Seller Savings Plans, together with each Transferred Employee's service under each of the Seller Savings Plans as of the Closing Date.

(v) Seller shall contribute all Transferred Employees' contributions that are based on compensation received prior to the Closing Date and shall make all required matching contributions with respect to the Transferred Employees' contributions to the Seller Savings Plans that are (A) eligible for matching and (B) made while employed by Seller or its Affiliates before the Closing Date. Such matching contributions shall be made not later than the date on which all other matching contributions are made to the Seller Savings Plans with respect to contributions made at the same time as the Transferred Employees' contributions.

(c) Retiree Medical Benefits.

(i) Purchaser as of the Closing Date shall assume the liabilities, obligations and responsibilities of Seller and its Affiliates to provide post-retirement medical, health and life insurance benefits to each former employee of any IPC Company or any predecessor of any IPC Company whose employment terminated on or before the Closing Date and any spouse, dependents or beneficiary of such former employee (individually a "Retiree" and collectively the "Retirees") which Seller or its Affiliates were obligated to provide immediately before the Closing Date, including any liabilities, obligations or responsibilities which Seller or its Affiliates funded through one, or more than one, trust described in Section 501(c)(9) of the Code (individually a "Seller's VEBA" and collectively the "Seller's

VEBAs"); provided that Purchaser or its Affiliates may, to the extent permitted by applicable Law, change, amend or terminate such benefits at any time. Purchaser, as part of such assumption, shall establish or maintain, as of the Closing Date, a trust, or more than one trust, described in Section 501(c)(9) of the Code (the "Purchaser's VEBA"), the assets of which shall fund such post-retirement benefits for such Retirees and Transferred Employees, and Seller as part of such assumption shall cause each Seller's VEBA to transfer cash or assets, or cash and assets, to the Purchaser's VEBA in accordance with this Section 6.2(c) to fund the payment of such post-retirement benefits following the Closing Date. Notwithstanding the foregoing, the Purchaser shall not assume such liabilities if Seller does not comply in all material respects with the provisions of Section 6.2(c)(ii).

(ii) All transfers of cash or assets, or cash and assets, to Purchaser's VEBA shall be made as soon as administratively feasible after the Closing Date or within 20 days following the date on which Seller has been provided evidence that Purchaser's VEBA satisfies the requirements for a tax exempt trust under Section 501(c)(9) of the Code, if such date is later than the Closing Date (the "VEBA Transfer Date"). Seller on the VEBA Transfer Date shall cause each Seller's VEBA to make a transfer of all of the cash and assets of each Seller's VEBA. In addition, all assets held in any 401(h) account under any Seller Pension Plan shall be transferred to a 401(h) account established under the Purchaser Pension Plan(s) designated by Purchaser no later than the Initial Transfer Date; provided, that Purchaser has provided Seller with written evidence of the establishment of such account.

(iii) Purchaser as of the Closing Date shall assume the liabilities, obligations and responsibilities of Seller and its Affiliates for the post-retirement medical and other welfare benefits described in Section 6.2(c)(i) for all Transferred Employees and their eligible spouses, dependents and beneficiaries. Purchaser shall satisfy any requirements of any applicable collective bargaining agreement covering Transferred Employees with respect to retiree medical, health, and life insurance benefits. Seller and its Affiliates shall have no obligation to provide retiree medical, health and life insurance benefits to any Transferred Employee after the Closing Date.

(d) Other Welfare Benefits.

(i) Purchaser shall take all action necessary and appropriate to ensure that, as soon as practicable after the Closing Date, Purchaser maintains or adopts, as of the Closing Date, one or more employee welfare benefit plans, including medical, health, dental, flexible spending account, accident, life, and long-term disability and other employee welfare benefit plans (including retiree medical and life but excluding severance benefits) for the benefit of the Transferred Employees (the "Purchaser Welfare Plans"). Any restrictions on coverage for pre-existing conditions or requirements for evidence of insurability under the Purchaser Welfare Plans shall be waived for Transferred Employees, except to the extent that such restrictions or requirements have not been satisfied under corresponding plans of Seller and its Affiliates as of the Closing Date. Transferred Employees shall receive credit under the Purchaser Welfare Plans for co-payments and payments under a deductible limit made by them and for out-of-pocket maximums applicable to them during the plan year of

the welfare plans maintained by Seller on the Closing Date (hereinafter referred to collectively as the "Seller Welfare Plans") in accordance with the corresponding Seller Welfare Plans.

(ii) Dynegy and Seller shall retain responsibility for any valid claim under a Seller Welfare Plan for disability or life insurance benefits made by a Transferred Employee on or after the Closing Date arising from a claim incurred on or before the Closing Date. For purposes of this paragraph, a claim for life insurance is deemed incurred when the death occurs and a claim for long term disability benefits is deemed incurred on the first day the employee is absent from work as a result of the condition that results in entitlement to disability benefits. As of the Closing Date, Purchaser shall make available the appropriate Transferred Employees to administer and process any claim under a Seller Welfare Plan for medical or dental benefits made by a Transferred Employee on or after the Closing Date arising from a claim incurred on or before the Closing Date. Upon receipt of proof of payment reasonably satisfactory to Purchaser, Purchaser shall reimburse Seller for any medical or dental claim incurred prior to Closing and that is properly paid under a Seller Welfare Plan for any Transferred Employee. For purposes of this paragraph, a medical or dental claim is considered incurred when the services are rendered, the supplies are provided or medication is prescribed, and not when the condition arose, except that claims relating to a hospital confinement that begins before the Closing Date shall be treated as incurred on or before the Closing Date. Nothing in this Section 6.2(d) shall require any party or benefit plan to make any payment or to provide any benefit not otherwise provided by the terms of the Seller Welfare Plans or applicable Law.

(iii) Seller, Purchaser, their respective Affiliates, and the Seller Welfare Plans and the Purchaser Welfare Plans shall assist and cooperate with each other in the disposition of claims made under the Seller Welfare Plans and the Purchaser Welfare Plan, and in providing each other with any records, documents, or other information within its control or to which it has access that is reasonably requested by any other as necessary or appropriate to the disposition, settlement or defense of such claims. From and after the date of this Agreement, Dynegy and Seller shall cause the processing and payment of claims for medical and dental benefits under the Seller Welfare Plans to continue in the normal course consistent with past practice and in any event as expeditiously as possible.

(iv) Nothing in this Agreement shall require Seller or its Affiliates to transfer assets or reserves with respect to pre-retirement benefits under the Seller Welfare Plans to Purchaser or the Purchaser Welfare Plans.

(v) Non-Union Transferred Employees shall be eligible for benefits under Purchaser severance or separation pay policies or plans that are the same as or comparable to those provided to similarly situated employees of Purchaser and its Affiliates.

(vi) Seller shall be responsible for satisfying "continuation coverage" requirements for all "group health plans" under Section 4980B of the Code, Part 6 of Title I of ERISA and comparable state law ("COBRA") with respect to each employee of any Seller or the IPC Companies who does not become a Transferred Employee (and any spouse, dependents or beneficiary of such employee or other employee), with respect to each

former employee of any Seller or any IPC Company or any predecessor of any IPC Company whose employment terminated on or before the Closing Date and any spouse, dependents or beneficiary of such former employee, and with respect to Transferred Employees (and any spouse, dependents or beneficiary of such employee or other employee) with respect to qualifying events that occur on or before the Closing Date. Seller will provide any notices to Transferred Employees required under COBRA and will comply with any other applicable provisions of COBRA in connection with their termination of employment by Seller and its Affiliates. Purchaser shall be responsible for satisfying "continuation coverage" requirements for all "group health plans" under COBRA with respect to each Transferred Employee (and any spouse, dependents or beneficiary of such Transferred Employee) who experiences a "qualifying event" within the meaning of COBRA after the Closing Date.

(vii) Seller shall disclose to Purchaser, within 30 days after the Closing Date, the unused flexible spending account (the "FSA") balances of each Transferred Employee and shall, to the extent permitted by applicable Law, transfer such amounts to a plan maintained by Purchaser or one of its Affiliates. Purchaser shall cause to be maintained for the duration of the calendar year in which the Closing Date occurs all such unused FSA account balances of the Transferred Employees that are so transferred.

Section 6.3 Miscellaneous Benefits. On or after the Closing Date, Purchaser shall: (a) assume all liabilities of Seller or any Affiliate of Seller with respect to any accrued but unused vacation time of Transferred Employees to the extent that it is an accrued liability on the financial statements; and (b) allow Transferred Employees to receive paid time off on or after the Closing Date for any unused vacation time accrued on the financial statements prior to the Closing Date in accordance with the applicable policies of Purchaser, except to the extent otherwise required by applicable law or regulation. For purposes of applying such policies of Purchaser, Purchaser shall treat service of the Transferred Employees with any Seller and its Affiliates as though it were service with Purchaser. Seller and its Affiliates shall have no liability to pay Transferred Employees for the vacation time described in this Section 6.3.

Section 6.4 Employee Rights.

(a) Nothing herein expressed or implied shall confer upon any employee of any IPC Company, Seller or its Affiliates, or Purchaser or its Affiliates, or upon any legal representative of such employee, or upon any collective bargaining agent, any rights or remedies, including any third party beneficiary rights or any right to employment or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement.

(b) Nothing in this Agreement shall be deemed to confer upon any person (nor any beneficiary thereof) any rights under or with respect to any plan, program, or arrangement described in or contemplated by this Agreement, and each person (and any beneficiary thereof) shall be entitled to look only to the express terms of any such plan, program or arrangement for his or her rights thereunder.

(c) Nothing in this Agreement shall cause Purchaser or its Affiliates to have any obligation to provide employment to any individual who is not an Active Employee or Affiliate Employee or, except as otherwise provided in applicable collective bargaining agreements, to continue to employ any Transferred Employee for any period of time following the Closing Date.

Section 6.5 WARN Act Requirements. On and after the Closing Date, Purchaser shall be responsible with respect to Transferred Employees and their beneficiaries for compliance with the WARN Act and any similar state or local Law, including any requirement to provide for and discharge any and all notifications, benefits and liabilities to Transferred Employees and Governmental Authorities that might be imposed as a result of the consummation of the transactions contemplated by this Agreement or otherwise. Purchaser shall not take any action within ninety (90) days after the Closing Date that would cause any termination of employment of any employees employed by any IPC Company or Seller or their Affiliates prior to the Closing Date to constitute a "plant closing" or "mass layoff" under the WARN Act or any similar state or local Law or create any liability to Seller or its Affiliates for employment terminations under the WARN Act or any similar state or local Law, it being understood that to enable Purchaser to comply with this requirement, Seller shall first inform Purchaser upon the Closing Date or as soon thereafter as is practicable of all employees, by location, terminated by any IPC Company or its Affiliates other than for cause or through voluntary resignation or retirement within the preceding 90 days.

Section 6.6 Retention of Certain Liabilities by Dynegy. Following the Closing, Dynegy and its Affiliates covenant to retain all liabilities and obligations arising out of or relating to (a) the investigation, litigation and other matters described in items 2 and 5 of Schedule 3.9, (b) except as otherwise specifically provided in this Article VI, any Controlled Group Liabilities, (c) notwithstanding Section 7.8(b), any liability for failure to properly report taxable income or withhold applicable Taxes with respect to the provision, before the Closing, of the benefits described in item 1 under "Oral Employee Benefit Plans and Compensation Arrangements" on Schedule 3.10, (d) except as otherwise specifically provided in this Article VI, the Employee Benefit Plans listed in Schedule 3.10 under "Employee Benefit Plans," other than item 16, and (e) the Compensation Arrangements listed in Schedule 3.10 under "Compensation Arrangements," other than items 4 and 7.

ARTICLE VII
TAX MATTERS AND INDEMNIFICATION

Section 7.1 Preparation and Filing of Tax Returns.

(a) Seller shall timely prepare and file, or cause to be timely prepared and filed, on a basis consistent with past practice (except as required by applicable Law or a Final Determination), all Tax Returns required to be filed by or with respect to any IPC Company (i) in the case of Income Tax Returns, for any taxable period that ends on or prior to the Closing Date, and (ii) in the case of Non-Income Tax Returns, that have not yet been filed and are due (taking into account extensions properly obtained) on or before the Closing Date, and in

all cases Seller shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. Dynegy shall allow Purchaser to review any Non-Income Tax Returns relating to any IPC Company required to be filed on or before the Closing Date at IPC's offices in Decatur, Illinois, during normal business hours prior to filing such Tax Returns.

(b) Purchaser shall timely prepare, or cause to be prepared, on a basis consistent with past practice (except as required by applicable Law or a Final Determination), all Income Tax Returns with respect to any IPC Company for any Straddle Period. Purchaser shall present such Income Tax Returns to Seller for review at least 30 days before the date on which such Income Tax Returns are required to be filed. Unless Seller objects in writing at least five days before the date on which such Income Tax Returns are due (the sole basis for which shall be Purchaser's failure to prepare such Income Tax Returns on a basis consistent with past practice), Purchaser shall file, or cause to be filed, such Income Tax Returns. Purchaser shall remit or cause to be remitted any Income Taxes due in respect of such Income Tax Returns, provided that Seller shall pay Purchaser, no later than three days prior to the date such Income Taxes are due, an amount equal to the amount of such Income Taxes that are attributable to the Pre-Closing Tax Period. In the case of any Straddle Period all Income Taxes shall be apportioned between the Pre-Closing Tax Period and the Post-Closing Tax Period on a closing of the books basis.

(c) Purchaser shall timely prepare and file, or cause to be timely prepared and filed, all Tax Returns required to be filed by or with respect to any IPC Company (i) in the case of Income Tax Returns, for any taxable period that begins after the Closing Date, and (ii) in the case of Non-Income Tax Returns, that have not yet been filed and are due (taking into account extensions properly obtained) after the Closing Date. Purchaser shall prepare any Non-Income Tax Returns described in clause (ii) for any Pre-Closing Tax Period consistent with past practice (except as required by applicable Law or a Final Determination), and in all cases Purchaser shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. Purchaser shall allow Dynegy to review any Non-Income Tax Returns described in clause (ii) for any Pre-Closing Tax Period at Purchaser's offices in Decatur, Illinois, during normal business hours prior to filing such Tax Returns.

(d) Without the written consent of Dynegy (which consent shall not be unreasonably withheld), Purchaser will not, and will cause its Affiliates not to, file any amended Income Tax Returns, carry-back claim, or other adjustment relating to Income Taxes or take any other action with respect to Income Taxes relating to any IPC Company for, or to, any taxable period that ends on or before the Closing Date, in each case except as required by a Final Determination.

Section 7.2 Cooperation. The Seller Indemnitors and Purchaser shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees and other representatives reasonably to cooperate, in preparing and filing all Tax Returns required to be filed under Section 7.1 and in resolving or managing all disputes or Audits with respect to all taxable periods relating to Tax Returns or Taxes required to be filed or paid by or with respect to any IPC Company and in any other matters relating to Taxes required to be paid by or with respect to any IPC Company, including (a) by maintaining, subject to the other terms of this Agreement, and making available to each other all books and records and all relevant correspondence with Governmental Authorities in

connection with Tax Returns or Taxes required to be filed or paid by or with respect to any IPC Company; (b) by promptly informing each other of notices of any Tax Audit or other Tax proceeding in respect of which one or more of the parties or any of its Affiliates may have a liability; and (c) by executing any reasonably necessary powers of attorney.

Section 7.3 Transfer Taxes. The Dynegy Parties (other than IPC), on the one hand, and Purchaser, on the other hand, shall share equally all documentary, sales, use, real property transfer, real property gains, registration, value added, transfer, stamp, recording and similar Taxes, fees and costs together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by this Agreement ("Transfer Taxes"). The Dynegy Parties (other than IPC) and Purchaser shall be responsible for jointly preparing and timely filing (and cooperating with one another in preparing and filing) any Tax Returns required with respect to any such Transfer Taxes. The party responsible under the applicable Transfer Tax law for paying a Transfer Tax (the "Transfer Tax Party") shall make due and timely payment of the Transfer Tax to the applicable Taxing Authority, provided that the other party pays the Transfer Tax Party, no later than two Business Days prior to the date such Transfer Tax is due, such other party's 50% share of such Transfer Tax. The Transfer Tax Party will provide the other party a true copy of each such Tax Return as filed and evidence of the timely filing thereof.

Section 7.4 FIRPTA Certificate. Seller shall deliver to Purchaser at the Closing a certificate, in form and substance reasonably satisfactory to Purchaser, certifying that the transactions contemplated hereby are exempt from withholding under Section 1445 of the Code.

Section 7.5 Tax Sharing Arrangements. Seller shall cause the provisions of any Tax Sharing Arrangement between any IPC Company, on the one hand, and Seller or any of its Affiliates (other than any IPC Company), on the other hand, to be terminated as of the Closing Date, and any such Tax sharing Arrangements shall have no further effect for any taxable year or period (whether current, future or past), except to the extent of Non-Income Tax liabilities included in the calculation of Final Adjusted Working Capital.

Section 7.6 Tax Refunds. Seller shall be entitled to any Tax Refund resulting from any Final Determination regarding Taxes for any Pre-Closing Tax Period (except to the extent such Taxes have been actually borne by Purchaser). If any such Tax Refund is received by Purchaser, any IPC Company or any of their respective Subsidiaries or Affiliates, Purchaser shall forward any such Tax Refund to Seller (including any interest actually received) within ten days after receipt thereof. Purchaser shall pay Seller interest at the rate prescribed under Section 6621(a)(1) of the Code, compounded daily, on any amount not paid when due in accordance with the foregoing sentence. Purchaser shall be entitled to any Tax Refund resulting from any Final Determination regarding Taxes for any Post-Closing Tax Period. If any such Tax Refund is received by Seller or any of its Subsidiaries or Affiliates, Seller shall forward any such Tax Refund to Purchaser (including any interest actually received) within ten days after receipt thereof. Seller shall pay Purchaser interest at the rate

prescribed under Section 6621(a)(1) of the Code, compounded daily, on any amount not paid when due in accordance with the foregoing sentence.

Section 7.7 Section 338(h)(10) Election.

(a) The parties hereto agree that they will jointly make a timely and irrevocable election pursuant to Section 338(h)(10) of the Code and the Treasury Regulations thereunder (and, if permissible, under any applicable state or local Income Tax laws) with respect to Purchaser's purchase of the Common Shares and the Preferred Shares (collectively, the "Section 338(h)(10) Election"). Dynegy, Seller, Purchaser and their respective Affiliates shall report the transactions consistent with such Section 338(h)(10) Election and shall take no position contrary thereto unless and to the extent required to do so pursuant to a Final Determination.

(b) Purchaser shall be responsible for preparing drafts of all forms, attachments and schedules necessary to effectuate the Section 338(h)(10) Election (including Internal Revenue Service Forms 8023 and 8883 and any similar forms under applicable state or local income tax laws (the "Section 338 Forms")). The parties shall execute and deliver Internal Revenue Service Form 8023 at the Closing, which form shall be final and binding on the parties without further adjustment. At least 120 days prior to the latest date for the filing of each other Section 338 Form, Purchaser shall furnish Seller with a copy of each such draft Section 338 Form prepared by Purchaser together with a copy of a report (the "Allocation Report") of the proposed allocation of the purchase price for federal income tax purposes (less any amount allocated to the EEI Shares pursuant to Schedule 7.7). If within 30 days of Seller's receipt of such Section 338 Form and Allocation Report, Seller shall not have objected in writing to such Section 338 Form or Allocation Report, such Section 338 Form and Allocation Report shall be final and binding on the parties and the IPC Companies without any further adjustment. If at least 60 days prior to the latest date for the filing of such Section 338 Form, Seller and Purchaser cannot agree upon the final form and content of such Section 338 Form or the Allocation Report, any disagreement with respect to such Section 338 Form or the Allocation Report shall be resolved, at least 30 days before the last day for the filing of such Section 338 Form, by the Accounting Firm. The resolution of the Accounting Firm shall be final and binding on the parties and the IPC Companies without any further adjustment. The Section 338 Form and the Allocation Report shall be revised to reflect the resolution of the Accounting Firm and, once revised, shall be final and binding on the parties and the IPC Companies without any further adjustment. The costs, expenses and fees of the Accounting Firm shall be borne equally by Seller and Purchaser. Once such Section 338 Form is final and no later than the last date for filing of such Section 338 Form, Dynegy, Seller and Purchaser shall execute such Section 338 Form, and Purchaser shall file such
Section 338 Form with the applicable Taxing Authority. Notwithstanding the foregoing, Dynegy, Seller and Purchaser shall fully cooperate to jointly prepare and execute additional Section 338 Forms in a timely manner as reasonably necessary with respect to subsequent adjustments of Purchase Price following the Closing.

(c) Schedule 7.7 sets forth the allocation of the Purchase Price among the Common Shares and the Preferred Shares, on the one hand, and the EEI Shares, on the other hand. Seller and Purchaser agree, for all Tax purposes, to allocate

any adjustment to the purchase price relating to the Common Shares and the Preferred Shares to the item or items to which it is principally attributable.

Section 7.8 Tax Indemnification.

(a) After the Closing, the Seller Indemnitors shall be jointly and severally liable for and pay, and the Seller Indemnitors shall jointly and severally indemnify and hold harmless each Purchaser Group Member from and against, any and all Indemnifiable Losses due to: (i) any Taxes imposed on or with respect to Dynegy or Seller or any of their Affiliates (other than any IPC Company), or for which Dynegy or Seller or any of their Affiliates (other than any IPC Company) may otherwise be liable, attributable to any and all taxable years or periods; (ii) any Taxes imposed on or with respect to any IPC Company attributable to any Pre-Closing Tax Period or resulting from any transaction in a Pre-Closing Tax Period (other than (A) Non-Income Taxes imposed on or with respect to any IPC Company (except as otherwise provided in Article IX by reason of Section 3.8) and (B) any Income Taxes attributable to transactions or other activities of Purchaser or its Affiliates entered into or occurring after the Closing on the Closing Date that are not expressly contemplated by this Agreement, to the extent such transactions or activities are not entered into or do not occur in the ordinary course of business); (iii) any Taxes for which any IPC Company may be liable as a result of having been a member of any Company Group (including Taxes for which any IPC Company is or may be liable pursuant to Section 1.1502-6 of the Treasury Regulations or similar provisions of state or local Law as a result of having been a member of any Company Group, and any Taxes resulting from any IPC Company ceasing to be a member of any Company Group, as the case may be); and (iv) any Taxes resulting from or arising out of any Section 338(h)(10) Election. It is understood and agreed, for the avoidance of doubt, that the Seller Indemnitors shall be jointly and severally liable for and pay, and shall jointly and severally indemnify and hold harmless each IPC Company from and against, any and all Indemnifiable Losses due to any Income Taxes incurred by a Seller or any IPC Company attributable to the Pre-Closing Tax Period as a result of or relating to the transactions contemplated by this Agreement.

(b) After the Closing, Purchaser shall be liable for and pay, and Purchaser shall indemnify and hold harmless each Seller Group Member from and against any and all Indemnifiable Losses due to: (i) any Taxes imposed on or with respect to any IPC Company attributable to any Post-Closing Tax Period; (ii) Non-Income Taxes imposed on or with respect to any IPC Company; and (iii) any Income Taxes of any IPC Company attributable to transactions or other activities of Purchaser or its Affiliates entered into or occurring after the Closing on the Closing Date that are not expressly contemplated by this Agreement, to the extent such transactions or activities are not entered into or do not occur in the ordinary course of business; provided, however, that Purchaser shall not be liable for or pay, and shall not indemnify or hold harmless any Seller Group Member from and against any and all Indemnifiable Losses due to, Taxes for which Sellers are liable under this Agreement (including under Section 7.8(a) or Article IX (taking into account the limitations set forth in Section 9.5) by reason of a breach of Section 3.8).

(c) Purchaser or Dynegy (on behalf of the Seller Group Members), as the case may be, as the Indemnified Party, shall promptly notify Dynegy (on behalf

of the Seller Group Members) or Purchaser as the Indemnifying Party, in writing upon receipt by the Indemnified Party or any of its Affiliates, of notice of any pending or threatened federal, state, local or foreign Tax Audits that may give rise to an indemnification claim related to Taxes (a "Tax Controversy") and thereafter shall promptly forward to the Indemnifying Party copies of notices and communications with the relevant Governmental Authority relating to such Tax Controversy, provided, however, that a failure to comply with this provision shall not affect the Indemnified Party's right to indemnification hereunder except to the extent such failure materially impairs the Indemnifying Party's ability to contest any such Tax liabilities. Except as provided in this Section 7.8(c), the Indemnifying Party may elect to control, and may elect to have sole discretion in handling, settling or contesting any Audit inquiry, information request, Audit proceeding, suit, contest or any other action with respect to a Tax Controversy for which it would be required to indemnify the other party, provided the Indemnifying Party first acknowledges in writing that it has liability for Taxes that might arise in such proceeding. Notwithstanding the foregoing, the Indemnifying Party shall not settle any Tax proceeding with respect to a Tax Controversy on a basis that would materially adversely affect the Indemnified Party or its Affiliates without obtaining the Indemnified Party's written consent, which consent shall not be unreasonably withheld or delayed. Any out-of-pocket expenses incurred by the Indemnified Party in handling, settling or contesting a Tax Controversy that the Indemnifying Party has elected to control under this Section 7.8(c) shall be borne by the Indemnified Party, to the extent incurred during any period the Indemnifying Party is, in fact, actively contesting such Tax Controversy. Dynegy, on the one hand, and Purchaser, on the other hand, shall jointly control, and shall each have the right to participate at its own expense in all activities and strategic decisions with respect to, any Tax proceedings for which each party would be required to indemnify the other party with respect to one or more Tax issues. Either Seller or Dynegy, or both, may assume sole control of any such Tax proceeding for any Straddle Period if it or they acknowledge(s) in writing that it or they has or have sole liability for any Taxes that might arise in such proceeding.

Section 7.9 Survival and Coordination. Notwithstanding anything herein to the contrary, Section 3.8 and this Article VII shall survive the Closing until 90 days after the expiration of the applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof). Claims for indemnification with respect to Income Taxes shall be governed exclusively by this Article VII and Section 9.8 (but not by any other provision of Article IX).

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1 Conditions to Obligations of Seller. The obligations of Seller and Dynegy to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. The representations and warranties of Purchaser contained in this Agreement that are qualified as to materiality shall be true and accurate at and as of the Closing Date, with the same force and effect as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct as of such date) and the representations and warranties that

are not qualified as to materiality shall be true and accurate in all material respects as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate in all material respects as of such date). The covenants and agreements contained in this Agreement to be complied with by Purchaser at or before the Closing shall have been complied with in all material respects. Seller shall have received a certificate from Purchaser signed by an authorized executive officer thereof with respect to the matters described in this Section 8.1(a).

(b) Regulatory Approvals. Subject to Section 5.3, Final Orders described in Schedule 8.1(b) (and any necessary implementing regulations) shall have been obtained and shall not have (1) created a material adverse effect on the business, financial condition or results of operation of DMG, or on the business of selling capacity and energy products from or in respect of DMG's existing generation assets, (2) resulted in a change to the terms of the PPA that is adverse to the interests of DYPM, or (3) resulted in Seller or any of its Affiliates making payments or having any continuing obligations pursuant to or otherwise in respect of the Intercompany Note or making any additional capital contributions to any IPC Companies or Purchaser or any of its Affiliates as a condition to the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) No Proceeding or Litigation. No Action shall have been threatened in writing or filed by any state or Federal Governmental Authority against any party seeking to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any Ancillary Agreement.

(d) No Order. There shall not be in effect any applicable Law or Governmental Order directing that the transactions contemplated by this Agreement or any Ancillary Agreement not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(e) Required Dynegy Consents. Dynegy, its Affiliates and the IPC Companies shall have received consents, in form and substance reasonably satisfactory to Dynegy, to the transactions contemplated hereby which are specified in Schedule 8.1(e).

(f) Solvency Opinion. Dynegy shall obtain an opinion letter (the "Solvency Opinion") (containing customary assumptions, qualifiers and disclaimers), reasonably satisfactory to Dynegy, from a nationally recognized independent investment banking, appraisal or solvency firm substantially to the following effect as of the Closing:

(i) each of Dynegy and Seller is not insolvent and will not be rendered insolvent as a result of the consummation of the transactions contemplated to occur at Closing;

(ii) the property of each of Dynegy and Seller does not, and shall not, following the consummation of the transactions contemplated to occur at the Closing, constitute unreasonably small capital for each of Dynegy and Seller to carry out its business as now conducted and as proposed to be conducted following consummation of the transactions contemplated to occur at the Closing; and

(iii) each of Dynegy and Seller has not incurred and does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received, and of amounts to be payable on or in respect of the debts of each of Dynegy and Seller).

(g) Closing Deliveries. Purchaser shall have delivered to Seller each of the items required to be delivered to it pursuant to Section 2.6(a), (b), (c),
(d), (f) and (g).

Section 8.2 Conditions to Obligation of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. The representations and warranties of Seller and Dynegy contained in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and accurate at and as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate as of such date), and the representations and warranties that are not qualified by materiality or Material Adverse Effect shall be true and accurate in all material respects as of the Closing Date with the same force and effect as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and accurate in all material respects as of such date), except for instances where the failure to be true and accurate do not in the aggregate constitute a Material Adverse Effect. The covenants and agreements contained in this Agreement to be complied with by Seller and Dynegy at or before the Closing shall have been complied with in all material respects. Purchaser shall have received a certificate from Seller and Dynegy signed by an authorized executive officer thereof with respect to the matters described in this Section 8.2(a).

(b) Regulatory Approvals. Subject to Section 5.3, Final Orders with respect to the Governmental Orders described in Schedule 8.2(b) (and any necessary implementing regulations) shall have been obtained and shall not (A) have created a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, (B) result in a change to IPC's deferred tax balances or rate base valuation or accounting entries other than as provided on Schedule 8.2(b), Item I (iv), (C) result in recovery of less than the portion of Purchaser's costs of accomplishing IPC's reorganization identified for recovery in accordance with Schedule 8.2(b), Item I(v), (D) subject IPC to any dividend restriction other than that set forth on Schedule 8.2(b), Item I (vi), (E) result in the operation by IPC without the rider identified on Schedule 8.2(b), Item I (vii), if such operation without such rider would have a material adverse effect on the business, financial condition or results of operation (1) of Purchaser and its Subsidiaries, or (2) of the Business after Closing, or (F) otherwise change the terms of the regulatory approvals described in Schedule 8.2(b), Items I (iv)-(vi), in a manner adverse to Purchaser or the IPC Companies.

(c) No Proceeding or Litigation. No claim, action, suit or proceeding shall have been threatened in writing or filed by any state or Federal Governmental Authority seeking to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated by this Agreement or any Ancillary Agreement.

(d) No Order. There shall not be in effect any applicable Law or Governmental Order directing that the transactions contemplated by this Agreement or any agreement contemplated hereby not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(e) Required Consents. Purchaser, Dynegy, its Affiliates and the IPC Companies shall have received consents, in form and substance reasonably satisfactory to Purchaser, to the transactions contemplated hereby and by the Ancillary Agreements which are specified in Schedule 8.2(e).

(f) No Changes. There shall not have occurred since the date hereof any change or event that individually or in the aggregate would reasonably be expected to result in a Material Adverse Effect.

(g) Solvency Opinion. Dynegy shall have delivered the Solvency Opinion to Purchaser that is reasonably satisfactory to Purchaser.

(h) Closing Deliveries. Dynegy and Seller shall have delivered, or caused to be delivered, to Purchaser each of the items required to be delivered to it pursuant to Section 2.5 (except clauses (d), (e), (f), (g) and (h) thereof).

(i) Interconnection Agreement. The interconnection agreement between Dynegy and IPC dated January 9, 2004 shall be in full force and effect and shall not have been amended.

(j) Closing of Tilton Assets Transactions. Solely if the Closing occurs after September 10, 2004, the Tilton Assets shall have been transferred to DMG and IPC shall have no remaining obligations with respect to the Tilton Assets. For avoidance of doubt, it is the intent of this Section 8.2 (j) that all of IPC's rights, interests, assets, liabilities and obligations with respect to the Tilton Assets, including IPC's rights, interests, assets, liabilities and obligations with respect to the electric generating equipment and real estate at the Tilton Energy Center, shall have been transferred to or otherwise come to be held by DMG, through any means permissible under the agreements referred to in the definition of "Tilton Assets", excluding only those rights, interests, assets, liabilities and obligations of IPC as a public utility that are necessary for the continued operation by DMG of the Tilton Energy Center, including IPC's rights, interests, assets, liabilities and obligations under the Interconnection Agreement and the gas service contracts listed on Schedule 3.19.

Section 8.3 Effect of Certain Waivers of Closing Conditions. If prior to the Closing (i) any party (the "waiving party") has Knowledge of any breach by any other party of any representation, warranty or covenant contained in this Agreement or in any certificate delivered pursuant to this Agreement, (ii) the waiving party would have had the right not to proceed with the Closing as a result of such breach, and (iii) the waiving party proceeds with the Closing, the waiving party shall be deemed to have waived such breach and the waiving party and its Affiliates shall not be entitled to sue for damages or to assert any other right of remedy for any losses arising from any matters relating to such condition or breach, notwithstanding anything to the contrary contained herein or in any certificate delivered pursuant hereto. Solely for purposes of this Section 8.3, Knowledge shall be deemed to mean (a) with respect to

Purchaser, the actual knowledge (without independent inquiry) of the persons listed on Schedule 1.1(f) that Dynegy is able to demonstrate existed by clear and convincing evidence, and (b) with respect to Seller, the actual knowledge (without independent inquiry) of the persons listed on Schedule 1.1(f) that Purchaser is able to demonstrate existed by clear and convincing evidence.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Obligations of Dynegy. Effective as of the Closing, the Seller Indemnitors shall jointly and severally (subject to the last sentence of this Section) indemnify, reimburse and hold harmless each Purchaser Group Member from and against any and all Indemnifiable Losses due to:

(a) any breach of or inaccuracy in any of the representations and warranties made by any Dynegy Party, when made or at the Closing, in or pursuant to this Agreement (without regard to any qualifications as to materiality or Material Adverse Effect, except as provided in Section 9.9);

(b) any breach or nonperformance of any of the covenants or obligations of any Dynegy Party contained in this Agreement;

(c) the Generation Liabilities;

(d) the Excluded Environmental Matters;

(e) any liability related to the Tilton Assets;

(f) any obligation of any IPC Company as a guarantor of any underlying obligation of Dynegy or any of its Affiliates (other than an IPC Company);

(g) any net refund of amounts under IPC's purchased gas adjustment ("PGA") rider ordered by the ICC, whether effected by adjustment of any PGA factor or otherwise, in any PGA reconciliation proceeding relating to any portion of the period from January 1, 2001 to December 31, 2004, to the extent that payments or PGA adjustments required to be made by IPC pursuant to such order exceed the reserve established for potential liability in such proceeding as reflected in the calculation of the Final Adjusted Working Capital; or any disallowance by the ICC of IPC's gas costs or investment relating to events prior to the Closing at the Hillsboro gas storage field whether such disallowance shall be provided for in any PGA case ("working gas") or in a gas rate case ("cushion gas"), but only to the extent that such disallowance is not due to any imprudence by IPC after the Closing; provided, however, that the Seller Indemnitors' liability under this Section 9.1(g) with respect to any such refund or disallowance shall be equal to 50% of such refund or disallowance. With respect to indemnification required under Section 9.1 (g), such indemnification shall be required notwithstanding the fact that the applicable order is subject to appeal, whether or not the full amount that IPC is required to pay or reflect in adjusted PGA rates under such order has been paid. In the event that the amount of IPC's liability pursuant to such order is later reduced or increased, as a result of

appeal or otherwise, IPC shall refund the amount of such reduction to Dynegy, or Dynegy shall pay IPC the amount of such increase, as applicable;

(h) the litigation described in item 3 of Schedule 3.9; or

(i) the matters referred to in Schedule 5.19.

Section 9.2 Obligations of Purchaser. Effective as of the Closing, Purchaser shall indemnify, reimburse and hold harmless each Seller Group Member from and against any and all Indemnifiable Losses due to:

(a) any breach of or inaccuracy in any of the representations and warranties made by Purchaser, when made or at the Closing, in or pursuant to this Agreement (without regard to any qualification as to materiality or material adverse effect);

(b) any breach or nonperformance of any of the covenants or obligations of Purchaser contained in this Agreement; or

(c) the operation of the Business after the Closing.

Section 9.3 Procedures. The following procedures shall apply with respect to indemnification claims:

(a) Notice of Claims. Any party seeking indemnification of any Indemnifiable Loss or potential Indemnifiable Loss arising from an Indemnifiable Claim, whether asserted by a party or a third party, shall give written notice thereof to the party from whom indemnification is sought setting forth in reasonable detail the nature and reasonably estimated amount of, and basis for, such claim to the extent then known. Written notice to the Indemnifying Party of the existence of a third party claim shall be given by the Indemnified Party promptly after its receipt of an assertion of liability from the third party, and in any event within twenty days of such assertion; provided, however, that failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent it shall have been prejudiced by such failure. Within 20 days of notice by the Indemnified Party of any Indemnifiable Loss or potential Indemnifiable Loss arising from an Indemnifiable Claim, the Indemnifying Party shall notify the Indemnified Party whether or not it acknowledges its obligation to indemnify the Indemnified Party for the Indemnifiable Loss or potential Indemnifiable Loss with respect to such Indemnifiable Claim. The failure of the Indemnifying Party to respond in accordance with the preceding sentence shall be deemed a refusal by the Indemnifying Party to indemnify the Indemnified Party.

(b) Defense.

(i) In the case of a third party claim, the Indemnifying Party may participate in the defense thereof and, if it so chooses and irrevocably acknowledges its obligation to indemnify the Indemnified Party therefor, control the defense of an Indemnifiable Claim with counsel reasonably satisfactory to the Indemnified Party; provided, however, that if the Indemnified Party reasonably believes that (x) a material conflict of interest between the Indemnified Party and the Indemnifying Party with respect to the claim or its defense exists or

is likely to develop during the pendency of the litigation, and as a result of such conflict, the Indemnifying Party's incentive to defend such claim could reasonably be expected to be materially compromised, or (y) the claim raises serious issues regarding the integrity or moral character of the Indemnified Party or any of its Affiliates, or of its of their senior management, in its or their capacity as such (which issues are a fundamental element of the claim) then the Indemnified Party shall be entitled to control the defense of the claim in accordance with paragraph (b)(ii) of this Section 9.3, it being understood that the mere allegation of fraud, willful misconduct, bad faith, malfeasance or any similar such claim as part of multiple claims constituting an Indemnifiable Claim, shall not be deemed, in and of itself, to provide the basis for the Indemnified Party's rights as set forth in this clause (y). In all cases, the party without the right to control the defense of the Indemnifiable Claim may participate in the defense at its own expense. In the case of a third party claim, the Indemnifying Party shall inform the Indemnified Party within 20 days of receiving the written notice seeking indemnification whether the party elects to control the defense and irrevocably acknowledges its obligation to indemnify the Indemnified Party therefor. The Indemnifying Party shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof, provided that it either irrevocably acknowledges in writing its indemnity obligations with respect to the Indemnity Claim or it is determined by a court of competent jurisdiction that it is obligated hereunder to provide such indemnification. If the Indemnifying Party disputes its liability with respect to a potential Indemnifiable Claim or the amount thereof (whether or not it desires to defend the Indemnified Party against a third party claim), the parties shall endeavor in good faith to settle such dispute. The Indemnifying Party shall not settle or compromise a third party claim or legal proceeding without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, delayed or conditioned; provided that such prior written consent shall not be required with respect to any Indemnifiable Claim that relates to any item referred to in Sections 9.1(c), (d), (e), (f), (g), (h), or (i), except with respect to any Indemnifiable Claim relating to Remediation of Hazardous Substances that is covered by Section 5.18 shall remain subject in all respects to the terms of Section 5.18. The Indemnified Party shall not settle or compromise a third party claim for which it is entitled to indemnification hereunder without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnifying Party does not assume the defense of any third party claim or litigation resulting therefrom within 20 days after the date it receives notice of such claim from the Indemnified Party, the Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including settling such claim or litigation, after giving notice to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate. Notwithstanding anything in this Section 9.3 to the contrary, if for any reason (for example the effect of the limitations set forth in Sections 9.4 or 9.5 or evidence that an Indemnifiable Loss may be attributable to events before or after Closing) there is any uncertainty whether an Indemnifiable Claim will be for the account of the Seller Indemnitors or Purchaser, the parties will (A) cooperate in good faith to determine whether an Indemnifiable Claim will be for

the account of the Seller Indemnitors or Purchaser, (B) until such uncertainty is resolved to the mutual satisfaction of the parties, jointly determine who will control the defense and settlement of any such Indemnifiable Claim and how such defense and settlement will be handled, (C) cooperate with each other in the defense and settlement of such Indemnifiable Claim and the exchange of information relevant thereto, (D) unless otherwise agreed, share the out-of-pocket costs of such defense and settlement (including the costs of investigation, response and mitigation) equally until the parties' respective rights to indemnification for such costs are resolved, and (E) treat the defense and settlement of such Indemnifiable Claim as a joint and common defense, including any joint defense agreement which may be entered into by the parties.

(ii) In the case of claims described in the proviso to the first sentence of Section 9.3(b)(i), the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise or settle such claim, at the expense of the Indemnifying Party, but the Indemnifying Party will not be bound by any compromise or settlement effected without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnified Party shall conduct the defense in good faith and in a commercially reasonable manner, and shall inform the Indemnifying Party periodically, or upon the Indemnifying Party's reasonable request, of the status of the litigation. The Indemnified Party's choice of counsel shall be subject to the consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed. The Indemnifying Party may participate in the defense thereof, at its own expense. If, in order to preserve existing insurance for a claim against IPC currently maintained by Dynegy, it is necessary to permit Dynegy's insurer to conduct the defense of IPC, Purchaser will consider in good faith waiving or sharing its right to control such defense so that Dynegy's insurance rights are not lost, subject to the condition that the insurer accepts the tender of the claim without reservation of rights. Notwithstanding anything to the contrary in this Section 9.3(b), any Indemnifiable Claim relating to Hazardous Substances that is covered by Section 5.18 shall remain subject in all respect to the terms of Section 5.18.

(c) Indemnification Payments on After-Tax Basis. Any indemnification payment hereunder with respect to any Indemnifiable Loss shall be an amount which is sufficient to compensate the Indemnified Party for the event giving rise to such Indemnifiable Loss (the "Indemnified Event"), after taking into account (i) all increases in federal, state, local, foreign or other Taxes payable by the Indemnified Party as a result of the receipt of such payment (excluding any increased Tax that results from the receipt of such payment causing a reduction in Tax basis or similar Tax attributes); (ii) to the extent not previously taken into account in computing the amount of such Indemnifiable Loss, all increases in federal, state, local and other Taxes (including estimated Taxes) payable by the Indemnified Party for all affected taxable years and periods as a result of the Indemnified Event; and (iii) to the extent not previously taken into account in computing the amount of such Indemnifiable Loss, all reductions in federal, state, local and foreign Taxes (including estimated Taxes) realized or realizable by the Indemnified Party as a result of the Indemnified Event and any indemnification payments made with respect thereto for all affected taxable years and periods. All calculations shall be made at the time of the relevant indemnification payment using reasonable assumptions

(as agreed to by the Indemnifying Party and Indemnified Party) and present value concepts (using a discount rate equal to the Applicable Rate in effect at the time of the Indemnified Event using semi-annual compounding). Purchaser and Seller agree to report each indemnification payment hereunder as an adjustment to the Purchase Price for federal income tax purposes unless the Indemnified Party receives an opinion from nationally recognized tax counsel, in form and substance reasonably satisfactory to the Indemnifying Party, to the effect that such reporting position is incorrect (it being understood that if any reporting position is later disallowed in any administrative or court proceedings, the Indemnifying Party shall indemnify the Indemnified Party for the effects of such disallowance (including any increased Tax that results from such disallowance), and it being further understood that the obligations under this parenthetical clause shall remain in effect without limitation as to time).

(d) If the Indemnifying Party disputes its liability with respect to a potential Indemnifiable Claim or the amount thereof, the non-prevailing party in such dispute shall indemnify the prevailing party for attorneys' fees and expenses incurred by the prevailing party in the conduct of such dispute.

(e) If there shall be any conflicts between this Section 9.3 and Section 5.18, the provisions of Section 5.18 shall control. The foregoing provisions of this Section 9.3 shall not apply to any Tax Controversy.

Section 9.4 Survival. The representations and warranties contained in or made pursuant to this Agreement shall expire upon the completion by the independent auditors of Purchaser of the second annual audit of Purchaser's financial statements following the Closing Date, but no later than March 31 of the pertinent year, except that the representations and warranties contained in Sections 3.1, 3.2, 3.3, 3.17, 4.1, 4.2 and 4.7 shall survive until the expiration of the applicable statute of limitations. This Article IX shall survive the Closing and shall remain in effect (a) with respect to Sections 9.1(a) and 9.2(a), so long as the relevant representations and warranties survive, (b) with respect to Sections 9.1(b) and 9.2(b) to the extent those Sections relate to the covenants requiring performance solely prior to the Closing ("Pre-Closing Covenants"), for one year after the Closing, (c) with respect to Sections 9.1(b) and 9.2(b) to the extent those Sections relate to covenants requiring performance after the Closing, so long as the applicable covenant survives, (d) with respect to Section 9.1(i), for the period provided in Schedule 5.19, and (e) with respect to all of the other provisions of this Article IX, indefinitely. Any matter as to which a non-speculative claim has been asserted in good faith by written notice in accordance with Section 9.3(a) that is pending, unresolved and being diligently pursued at the end of any applicable limitation period shall continue to be covered by this Article IX notwithstanding any applicable limitation period until such matter is finally terminated, not being diligently pursued or otherwise resolved by the parties under this Agreement or by a court of competent jurisdiction and any amounts payable hereunder are finally determined and paid. Any Indemnifiable Claim that has not been asserted against the Indemnifying Party in accordance with Section 9.3(a) prior to the end of any applicable limitation period shall be barred and forever waived by the Person entitled to assert such claim.

Section 9.5 Limitations on Indemnification.

(a) The Seller Indemnitors shall not be required to indemnify any Person under Section 9.1(a) unless (i) the indemnified amount that would be payable by the Seller Indemnitors with respect to any given Indemnifiable Claim exceeds $400,000 ("Seller Includable Claims"); and (ii) the aggregate amount for all Seller Includable Claims exceeds $30,000,000, and in such event, Seller Indemnitors shall be responsible for only the amount in excess of $30,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 3.1, 3.2, 3.3 and 3.17. In no event shall the total indemnification to be paid by the Seller Indemnitors under Section 9.1(a) exceed $400,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 3.1, 3.2, 3.3 and 3.17. The Seller Indemnitors shall not be required to indemnify any Person under Section 9.1(d) unless the amount that would be payable by the Seller Indemnitors with respect to any given Indemnifiable Claim exceeds $400,000.

(b) Purchaser shall not be required to indemnify any Person under Section 9.2(a) unless (i) the indemnified amount that would be payable by Purchaser with respect to any given Indemnifiable Claim exceeds $400,000 ("Purchaser Includable Claims"); and (ii) the aggregate amount for all Purchaser Includable Claims exceeds $30,000,000, and in such event, Purchaser shall be responsible for only the amount in excess of $30,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 4.1, 4.2 and 4.7. In no event shall the total indemnification to be paid by Purchaser under Section 9.2(a) exceed $400,000,000; provided, however, that the foregoing limitations do not apply to indemnification based upon or resulting from any inaccuracy in any of the representations and warranties set forth in Sections 4.1, 4.2 and 4.7.

(c) Any Indemnifiable Claim with respect to any breach or nonperformance by any party of a representation, warranty, covenant or agreement shall be limited to the amount of actual Indemnifiable Losses sustained by the Indemnified Party by reason of such breach or nonperformance, net of any insurance or other proceeds received by the Indemnified Party in respect of such claim. Nothing in this Agreement is intended to require or permit the payment by the Indemnifying Party of duplicative, in whole or in part, indemnity payments hereunder to an Indemnified Party.

(d) If an inaccuracy in any of the representations and warranties made by Dynegy or Seller, or a breach of any of the covenants of Dynegy or Seller, gives rise to an adjustment in the Purchase Price or is otherwise addressed in some other provision of this Agreement, then such inaccuracy or breach shall not give rise to an indemnification obligation under Section 9.1.

(e) If any Indemnifiable Claim is based upon or resulting from any inaccuracy in any of the representations and warranties and is also subject to indemnification under Sections 9.1(b) through (i), the provisions of this
Section 9.5 applicable to inaccuracies in any representation or warranty shall be inapplicable to such Indemnifiable Claim.

(f) If any Indemnifiable Claim is based upon or resulting from any breach or inaccuracy in Section 3.19(a), Dynegy shall have the right and option, but not the obligation, to contribute and deliver, or cause to be contributed and delivered, within 30 days after notice with respect to such Indemnifiable Claim has been delivered in accordance with Section 9.3(a), such assets as are required to cure (in whole or in part) such breach or inaccuracy. In the event Dynegy makes such election and fails for whatever reason to cure (in whole or in part) such breach or inaccuracy, in no event shall such failure be deemed a breach or non performance of a covenant or obligation of any Dynegy Party, and Purchaser shall be entitled to pursue any remedy available to it with respect to the original breach or inaccuracy of Section 3.19(a) to the extent such breach or inaccuracy remains uncured.

Section 9.6 Mitigation. Each potential Indemnified Party shall use commercially reasonable efforts to address any claims or liabilities in the same manner it would respond to such claims or liabilities in the absence of the indemnification provisions of this Agreement. In the event that any party shall willfully fail to make such commercially reasonable efforts to mitigate or resolve any claim or liability, then notwithstanding anything else to the contrary contained herein, the other party shall not be required to indemnify any Person for any Indemnifiable Loss that could reasonably be expected to have been avoided if such party had made such efforts.

Section 9.7 Remedies Exclusive. Except as otherwise provided in Article VII, the remedies provided for in this Article IX shall be exclusive and shall preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against the Indemnifying Party for claims based on this Agreement, other than fraud. In no event shall the mere breach of a representation or warranty be deemed to constitute bad faith, misconduct or fraud. Each party hereby waives any provision of Law to the extent that it would limit or restrict the agreement contained in this Section 9.7.

Section 9.8 Tax Indemnification Matters. Notwithstanding anything to the contrary in this Article IX, the above provisions of Article IX shall not apply to Income Tax indemnification matters, which matters shall instead by governed by Article VII.

Section 9.9 Qualification as to Materiality. The following occurrences as to materiality or Material Adverse Effect shall not be disregarded in the application of Section 9.1(a): (i) in the fifth sentence of Section 3.5; (ii) in the phrase "fairly presents in all material respects" in Section 3.6; and (iii) clause (ii) of Section 3.7(a) and the definition of "Material Adverse Effect" as used in such clause. The requirement to disregard qualifications as to materiality and Material Adverse Effect shall not be deemed to modify or eliminate any dollar amount specifically stated in this Agreement or any concept of materiality that is embodied in any requirement of Law or in GAAP.

ARTICLE X
TERMINATION AND WAIVER

Section 10.1 Termination. This Agreement may be terminated as to all parties at any time prior to the Closing:

(a) by the mutual written consent of Dynegy and Purchaser; or

(b) by either Dynegy or Purchaser, by written notice to the other party, if the Closing shall not have occurred on or before December 31, 2004 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 10.1 shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

(c) by Dynegy, by written notice to Purchaser, if there shall have been one or more breaches of any representation or warranty, or any covenant or agreement of Purchaser hereunder, which breach or breaches individually or in the aggregate would reasonably be expected to prevent, materially delay or materially impair Purchaser's or its Affiliates' ability to consummate the transactions contemplated by this Agreement, and such breach shall not have been remedied within 30 days after receipt by Purchaser of notice in writing from Dynegy specifying the nature of such breach and requesting that it be remedied or Dynegy shall not have received adequate assurance of a cure of such breach within such 30-day period; or

(d) by Purchaser, by written notice to Dynegy, if there shall have been one or more breaches of any representation or warranty, or any covenant or agreement of Dynegy or Seller hereunder, which breach or breaches individually or in the aggregate would result in a Material Adverse Effect or reasonably be expected to prevent, materially delay or materially impair Dynegy's or Seller's ability to consummate the transactions contemplated by this Agreement, and such breach shall not have been remedied within 30 days after receipt by Dynegy of notice in writing from Purchaser, specifying the nature of such breach and requesting that it be remedied or Purchaser shall not have received adequate assurance of a cure of such breach within such 30-day period; or

(e) by either Dynegy or Purchaser in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable.

Section 10.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1:

(a) this Agreement shall forthwith become void thereafter and there shall be no liability on the part of either party except that (i) the Section 5.2 (a)(last sentence only), Section 5.6, Section 10.1, this Section 10.2 and Article XI shall survive any such termination and (ii) nothing herein shall be deemed to release any party from any liability for any willful breach by such party of the terms and provisions of this Agreement or to impair the right of

any party to compel specific performance by any other party of its obligations under this Agreement; and

(b) Purchaser and its Affiliates shall return or destroy (and provide a certificate to Dynegy from an authorized officer of Purchaser certifying to such destruction) all documents and other material received from Dynegy, Seller, any IPC Company or any representative of Dynegy relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to Dynegy; and all confidential information received by Purchaser or its Affiliates shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1 Expenses. Except as otherwise specified in this Agreement or the Ancillary Agreements, as applicable:

(a) all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants (including any brokerage, finder's or other fee or commission), incurred in connection with this Agreement and the Ancillary Agreements, and the transactions contemplated hereby and thereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred;

(b) all non-recurring, out-of-pocket costs and expenses payable to third parties, if any, incurred by the IPC Companies in connection with this Agreement and the transactions contemplated hereby, including the fees, expenses and disbursements of the IPC Companies' outside counsel and accountants shall be paid by Dynegy (it being understood that time and expenses of employees of the IPC Companies in connection with the transactions contemplated by this Agreement and the Ancillary Agreements shall be borne by the IPC Companies); and

(c) the aggregate out-of-pocket costs and expenses payable to third parties incurred by Purchaser, Seller and Dynegy in connection with obtaining the Solvency Opinion shall be paid one-half by Purchaser and one-half by Dynegy.

Section 11.2 No Additional Representations.

(a) In connection with Purchaser's investigation of the IPC Assets, the IPC Companies and the Business, Purchaser has received from Seller certain projections, estimates and other forecasts and certain business plan information. Purchaser acknowledges that there are uncertainties inherent in attempting to make such projections, estimates and other forecasts and plans, that Purchaser is familiar with such uncertainties, that Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, estimates and other forecasts and plans so furnished to it and any use of or reliance by Purchaser on such projections, estimates and other forecasts and plans shall be at its sole risk, and without limiting any other provisions herein, that Purchaser shall have no claim against anyone with respect thereto. Accordingly, Purchaser acknowledges, agrees and confirms that Seller and its Affiliates, officers, directors, employees, agents and representatives, do not make, have not made nor shall be deemed to have made any

representation or warranty to Purchaser, express or implied, at law or in equity, with respect to such projections, estimates, forecasts or plans.

(b) Purchaser acknowledges that it and its representatives have been permitted reasonable access to the books and records, facilities, equipment, Tax Returns, Contracts, insurance policies (or summaries thereof) and other properties and assets of the IPC Companies that it and its representatives have desired or requested to see or review, and that it and its representatives have had a full opportunity to meet with the officers and knowledgeable employees of the IPC Companies to discuss the IPC Assets, the IPC Companies and the Business. Purchaser acknowledges that (i) none of Seller, any IPC Company and any other Person has made or is making any representation or warranty, expressed or implied or other, as to any of the IPC Companies, IPC Assets or the Business, this Agreement or the transactions contemplated hereby, or the accuracy or completeness of any information regarding any of the IPC Companies, the IPC Assets or the Business furnished or made available to Purchaser and its representatives, except as set forth in this Agreement and (ii) Purchaser has not relied on any representation or warranty from Dynegy and Seller or any other Person in determining to enter into this Agreement, except as set forth in this Agreement and the Ancillary Agreements.

(c) Purchaser hereby agrees not to initiate, or cause to be initiated, against Seller or any of its Affiliates or any other Person any Action (or make any claim within any Action), and no Seller or any of its Affiliates or any other Person will have or will be subject to any liability or indemnification obligation to Purchaser or any other Person based on representations and warranties (other than representations and warranties contained in this or any Ancillary Agreement for such time as such representations and warranties survive in accordance with this Agreement or such Ancillary Agreement, as the case may be), or resulting from the distribution to Purchaser, or Purchaser's use of, any information provided to Purchaser, including any information (including opinions, statements and data), projections, documents or material made available to Purchaser at any time in certain "data rooms", management presentations, "break out" discussions, other discussions among the parties and their representatives, responses to inquiries submitted on behalf of Purchaser, whether orally or in writing, or in any other form in connection with this Agreement or in furtherance of the transactions contemplated by this Agreement. Nothing in the foregoing paragraph shall be construed to limit the provisions of Article IX or fraud claims.

(d) Purchaser has such knowledge and experience in financial and business matters so that it is capable of evaluating the merits and risks of this acquisition. Purchaser is aware of and has considered the financial risks and hazards of this acquisition and has undertaken such investigation, and has been provided with and has evaluated such documents and information, as it has deemed necessary in connection with the execution, delivery and performance of this Agreement. Purchaser hereby acknowledges and agrees that, except as set forth in Article III of this Agreement, the Shares are transferred "AS IS," "WHERE IS" AND, SUBJECT TO THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III, WITH ALL FAULTS AND WITHOUT ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, EXPRESS OR IMPLIED, ORAL OR WRITTEN, AND IN PARTICULAR, WITHOUT LIMITING ANY OF THE FOREGOING, WITHOUT ANY IMPLIED WARRANTY OR

REPRESENTATION AS TO (A) CONDITION, VALUE, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY SPECIFIC PURPOSE AS TO ANY OF THE ASSETS OR PROPERTIES OF THE IPC COMPANIES, (B) THE OPERATION OF THE BUSINESS BY PURCHASER AFTER THE CLOSING IN ANY MANNER OR (C) THE PROBABLE SUCCESS OR PROFITABILITY OF THE OWNERSHIP, USE OR OPERATION OF THE BUSINESS OR THE IPC ASSETS BY PURCHASER AFTER THE CLOSING. Nothing in the foregoing paragraph shall be construed to limit the provisions of Article IX or fraud claims.

Section 11.3 Materiality. Subject to Section 8.2(b), as used in this Agreement, the term "material" (except with regard to material compliance) and the concept of the "material" nature of an effect upon the IPC Assets, the Business or the IPC Companies shall be measured relative to the IPC Assets, the Business and the IPC Companies at the time of such measurement. Despite the fact that there are items that have been included in the Schedules and may be included elsewhere in this Agreement, the inclusion of such items shall not be deemed to be an agreement by Seller that such items are "material" or to further define the meaning of such term for purposes of this Agreement.

Section 11.4 Disclosure Schedules. The Disclosure Schedules to this Agreement are arranged corresponding to the numbered and lettered sections contained in this Agreement, but the terms of this Agreement and disclosures in any Schedules shall qualify any other applicable representation and warranty provision of this Agreement (whether or not qualified by a Schedule) to the extent the relevance of such disclosure is reasonably apparent based on the facts specified in such matters described.

Section 11.5 Limitation on Damages. Notwithstanding anything to the contrary elsewhere in this Agreement, no party (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for (i) any exemplary or punitive damages in connection with this Agreement, except for any such damages awarded to a third party for which an Indemnifying Party is liable hereunder, or (ii) any damages to the extent such damages were not reasonably foreseeable.

Section 11.6 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.6):

(a) if to Seller, IGC or Dynegy:

Illinova Corporation
500 South 27th St.
Decatur, Illinois 62521
Attention: Chief Legal Officer Facsimile No.: (217) 362-7417

Illinova Generating Company
c/o Dynegy Inc.
1000 Louisiana St., Suite 5800
Houston, Texas 77002
Attention: General Counsel
Facsimile No.: (713) 507-6808

and

Dynegy Inc.
1000 Louisiana St., Suite 5800
Houston, Texas 77002
Attention: General Counsel
Facsimile No.: (713) 507-6808

with a copy to:

O'Melveny & Myers LLP
1625 Eye Street, NW
Washington, DC 20006
Attention: David G. Pommerening Facsimile No.: (202) 383-5414

(b) if to Purchaser:

Ameren Corporation
1901 Chouteau Avenue
St. Louis, MO 63166-6149
Attention: Steven R. Sullivan
Facsimile No.: (314) 554-4014

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52 Street
New York, NY 10019-6150
Attention: Elliott V. Stein
Facsimile No.: (212) 403-2000

Section 11.7 Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other

provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 11.9 Entire Agreement. Except with respect to the Confidentiality Agreement (which shall survive in accordance with its terms except as otherwise specified in Section 5.6), this Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

Section 11.10 Assignment. This Agreement may not be assigned by any party, by operation of Law or otherwise without the prior written consent of the other party (which consent may be granted or withheld in the sole and absolute discretion of such other party); provided, however, that Purchaser may assign any of its rights and obligations under this Agreement to a Subsidiary of Purchaser; provided, further, that no such assignment shall relieve Purchaser of any of its obligations under this Agreement. Any attempted assignment in violation of this Section 11.10 shall be void. In the event any party (a) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or
(b) transfers all or substantially all of its properties and assets to any Person, then and in any such case, proper provision shall be made so that the successors and assigns of such party shall assume the obligations set forth in this Agreement.

Section 11.11 No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties and their successors and permitted assigns and nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as expressly provided in this Agreement.

Section 11.12 Amendment. This Agreement may not be modified or amended except by and to the extent set forth in an instrument in writing signed by the parties.

Section 11.13 Waiver. Purchaser or any Dynegy Party may (a) extend the time for the performance of any of the obligations or other acts of any Dynegy Party or Purchaser, respectively, (b) waive any inaccuracies in the representations and warranties of any Dynegy Party or Purchaser, respectively, contained herein or in any document delivered by any Dynegy Party or Purchaser, respectively, pursuant hereto or (c) waive compliance with any of the agreements or conditions of any Dynegy Party or Purchaser, respectively, contained herein. Any such extension or waiver shall be valid only if, and to the extent, set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 11.14 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any New York state or federal court sitting in the City of New York, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. Each party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such party at its address specified in Section 11.6. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Section 11.14 shall affect the right of any party to serve legal process in any other manner permitted by Law. The consents to jurisdiction set forth in this Section 11.14 shall not constitute general consents to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 11.14 and shall not be deemed to confer rights on any Person other than the parties.

Section 11.15 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.15.

Section 11.16 Specific Performance; Remedies. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. No failure or delay on the part of any party in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy.

Section 11.17 Counterparts. This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 11.18 Representation by Counsel; Interpretation. The parties each acknowledge that each party has participated in the drafting of and been represented by counsel in connection with this Agreement and the transactions

contemplated hereby. Accordingly, any rule of Law or any legal decision that would require interpretation of any claimed ambiguities in any portions of this Agreement against the party that drafted it has no application and is expressly waived. If any provision of this Agreement is, in the judgment of the trier of fact, ambiguous or unclear, that provision shall be interpreted in a reasonable manner to effect the intent of the parties.

Section 11.19 Commercially Reasonable Efforts to Consummate. Without limitation on the other obligations of the parties pursuant to this Agreement, each party shall use its commercially reasonable efforts to consummate the Closing as soon as reasonably practicable.

* * *

IN WITNESS WHEREOF, Seller, IGC, Dynegy and Purchaser have caused this Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ILLINOVA CORPORATION

By */s/ Robert T. Ray*
Name: Robert T. Ray
Title: Senior Vice President & Treasurer

ILLINOVA GENERATING COMPANY

By */s/ Robert T. Ray*
Name: Robert T. Ray
Title: Senior Vice President & Treasurer

DYNEGY INC.

By */s/ Robert T. Ray*
Name:
Title:

AMEREN CORPORATION

By */s/ Steven R. Sullivan*
Name: Steven R. Sullivan
Title: Senior Vice President Regulatory Policy, General Counsel & Secretary

Exhibits
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*Exhibit A	Adjusted Working Capital Procedures
*Exhibit B	Generation Agreement
*Exhibit C-1	Termination Agreement (Illinova)
*Exhibit C-2	Termination Agreement (DHI)
Exhibit D	Power Purchase Agreement
Exhibit E	Term Sheet for Easement and Facilities Agreement
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Exhibit H	Tier 2 Memorandum

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Schedule 1.1(b)	-	Permitted Liens
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*Schedule 3.15	-	Intellectual Property Matters
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*Schedule 3.21	-	Bank Accounts
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*Schedule 5.1(f)	-	Capital Expenditures
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Schedule 5.15	-	Intercompany Note
*Schedule 5.19	-	Consent Solicitation
*Schedule 5.24	-	Seller's Implementation Plan of Section 404 of the Sarbanes-Oxley Act
*Schedule 6.1(c)	-	Employment Agreement (Altenbaumer)
*Schedule 6.1(d)	-	Employment Agreement (Schukar)
*Schedule 6.1(e)	-	Seller Bonus Plans
*Schedule 6.1(g)	-	Affiliate Employees
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Schedule 8.1(e)	-	Required Dynegy Consents
Schedule 8.2(b)	-	Required Purchaser Regulatory Approvals
Schedule 8.2(e)	-	Required Purchaser Consents

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* Filed confidentially pursuant to Rule 104

EXHIBIT A

CLOSING DATE STATEMENT PROCEDURES

[Filed confidentially pursuant to Rule 104]

[EXHIBIT B TO SPA]

GENERATION AGREEMENT

[Filed confidentially pursuant to Rule 104]

EXHIBIT C-1

TERMINATION AGREEMENT

[Filed confidentially pursuant to Rule 104]

EXHIBIT C-2

TERMINATION AGREEMENT

[Filed confidentially pursuant to Rule 104]

[EXHIBIT D TO SPA]

POWER PURCHASE AGREEMENT

BETWEEN

ILLINOIS POWER COMPANY

AND

DYNEGY POWER MARKETING, INC.

DATED AS OF _____, 2004

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT (this "Agreement"), dated as of _____, 2004, between ILLINOIS POWER COMPANY, an Illinois corporation ("IP"), and DYNEGY POWER MARKETING, INC., a Texas corporation ("DYPM") (IP and DYPM are sometimes referred to herein individually as a "Party" and collectively as "Parties").

WITNESSETH:

WHEREAS, IP owns electric generating facilities and is currently engaged in the purchase, transmission, distribution and sale of electric energy in the State of Illinois;

WHEREAS, IP and Illinova Corporation ("Illinova") entered into that certain Asset Transfer Agreement dated October 1, 1999 pursuant to which Illinova acquired from IP certain generating units;

WHEREAS, Illinova Power Marketing, Inc. ("IPMI") was a wholly-owned subsidiary of Illinova and became the owner and operator of such units upon consummation of the Asset Transfer Agreement;

WHEREAS, IPMI changed its name to Dynegy Midwest Generation, Inc. ("DMG");

WHEREAS, DMG is an affiliate of DYPM, and DYPM has the right to market and sell electric capacity and energy produced by such units;

WHEREAS, IP will require the output of additional generating resources, in addition to those which it may own or to which it may be entitled by contracts other than this Agreement, in order to meet its service obligations under the Illinois Public Utilities Act in a safe and reliable manner and to fulfill other statutory and contractual obligations to provide electric generation and transmission services; and

WHEREAS, IP desires to receive and purchase, and DYPM desires to deliver and sell, electric capacity, energy and ancillary services.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and for other good and valuable consideration, the receipt and sufficiency thereof are hereby acknowledged, the Parties agree as follows:

1. Definitions and Interpretation

(a) Definitions

As used in this Agreement: (i) the terms set forth in this Section 1(a) shall have the respective meanings so set forth, and (ii) the terms defined elsewhere in this Agreement shall have the respective meanings therein so specified.

"Alternative Resource" means any Supply Resource other than a Primary Resource; provided, that, for purposes of providing Capacity under this Agreement, an Alternative Resource shall be deemed firm if: (i) DYPM has reserved firm transmission service from such Alternative Resource to a Point of Delivery, or the Alternative Resource has been designated an IP Network Resource, and (ii) such Alternative Resource is otherwise capable of providing Capacity.

"Ancillary Services" mean the services described in Section 7(i).

"Asset Transfer Agreement" means that certain Asset Transfer Agreement dated as of October 1, 1999 between IP and Illinova for the transfer of ownership of certain fossil-fueled generating units from IP to Illinova.

"Audits" has the meaning set forth in Section 10(h).

"Bandwidth Allowance" means, for any hour, the amount (in MWh) equal to the product of: (i) Scheduled Energy other than Negotiated Tier 2 Energy for such hour, multiplied by (ii) the applicable Bandwidth Percent.

"Bandwidth Percent" means: (i) ten percent (10%) in calendar year 2005, and (ii) seven percent (7%) in calendar year 2006.

"Bankrupt" means with respect to any entity, the state of being after such entity: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes a general assignment for the benefit of creditors, or (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets.

"Business Day" means any Day, Monday through Friday, excluding the following holidays: New Year's Day, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

"Capacity" means firm electric load-carrying capability, expressed in megawatts, that, for those Supply Resources within MAIN, satisfies MAIN Guides and, for all other Supply Resources, satisfies IP or MISO Network Resource requirements for obtaining designated network integration transmission service under the applicable OATT and for accreditation by the applicable NERC regional reliability council or successor organizations, if applicable.

"Central Prevailing Time" or "CPT" means Central Standard Time or Central Daylight Time as in effect in the State of Illinois on a given Day.

"Congestion Costs" means the difference in the locational marginal prices at the Points of Delivery and the IP Zonal Price attributable to transmission system congestion, as defined in MISO's applicable FERC-approved tariff and as calculated and published by MISO.

"CPS1 or CPS2 Violation" means a failure of the IP Control Area to achieve compliance with Control Performance Standard Nos. 1 or 2, as defined in NERC Operations Policy 1.E.

"Credit Rating" means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P or Moody's.

"Daily A/S Schedule" has the meaning set forth in Section .

"Daily Energy Schedule" has the meaning set forth in Section 7(a)(i).

"Daily On-Peak Index" means the "into Cinergy" "on peak" index as published in the McGraw-Hill Companies, Inc.'s Power Markets Week's Daily Price Report - Daily Price Indexes, as such terms are defined in such publication; provided, however, that if such index is not available for a given Day, the Daily On-Peak Index shall be the PJM Average Hourly On-Peak Price.

"Daily Resource Schedule" means a schedule provided by DYPM to IP for each Day, in accordance with Section 7(e).

"Day" means a 24-hour period, commencing at 12:00 a.m. Central Prevailing Time, except that the "Day" shall be a 23-hour period on the first day of Daylight Savings Time each year and shall be a 25-hour period on the first day following the last full day of Daylight Savings Time each year.

"Delivery Services" means those services, as defined in Section 16-102 of the PUA, 220 ILCS 5/16-102, that IP provides to retail customers in its Service Area in accordance with a tariff approved or allowed into effect by the ICC pursuant to Section 16-108 of the PUA, 220 ILCS 5/16-108.

"Design Limits" means the items listed in Appendix 3 with respect to the Primary Resources, as such items or Primary Resources may be changed from time to time by notice from DYPM to IP, and any similar design limits on any other Supply Resources.

"DHI" means Dynegy Holdings Inc., an Illinois corporation.

"DMG" means Dynegy Midwest Generation, Inc., an Illinois corporation, and formerly known as Illinova Power Marketing, Inc.

"Downgrade Event" means that a Guarantor's senior unsecured debt is rated below Investment Grade.

"DYPM" means Dynegy Power Marketing, Inc., a Texas corporation.

"Effective Date" means the latest of: (i) January 1, 2005, (ii) the date of closing of the transaction in which Ameren Corporation or its subsidiary acquires 100 percent (100%) of the common stock of Illinois Power, or (iii) the date that this Agreement is permitted by FERC to go into effect.

"Electric Energy Incorporated Interchange Agreement" means the "Power Supply Agreement between Electric Energy, Incorporated and the Sponsoring Companies", dated September 2, 1987.

"Energy" means firm electric energy meeting the requirements as specified in Section 6, expressed in MWh, except that non-firm energy and transmission may be used to serve IP Load provided that Supply Resources are designated and available to meet Scheduled Load obligations under this Agreement.

"Event of Default" means a failure or action listed in Section 13(a).

"FERC" means the Federal Energy Regulatory Commission or any successor agency thereto.

"Financial Flowgate Right" or "FFR" has such meaning as is set forth in the applicable MISO FERC-approved tariff.

"Financial Transmission Right" or "FTR" has such meaning as is set forth in the applicable MISO FERC-approved tariff.

"Force Majeure Condition" has the meaning set forth in Section 11(b).

"Force Majeure Event" has the meaning set forth in Section 11(a).

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result consistent with law, regulation, good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts.

"Guarantor" means: (i) with respect to DYPM, DHI, if DHI has a Credit Rating that is Investment Grade, or another guarantor with a Credit Rating that is Investment Grade and which is acceptable to IP, and (ii) with respect to IP, Ameren Corporation, if Ameren Corporation has a Credit Rating that is Investment Grade, or another guarantor with a Credit Rating that is Investment Grade and which is acceptable to DYPM.

"ICC" means the Illinois Commerce Commission or any successor agency thereto.

"IDC" means an Integrated Distribution Company, as defined in 83 Illinois Administrative Code Part 452, Subpart B.

"Illinova" means Illinova Corporation, an Illinois corporation.

"Interconnection Agreement" means that certain Second Revised Interconnection Agreement dated as of January 9, 2004 between IP and DMG, as may be amended from time to time.

"Investment Grade" means a Credit Rating of at least BBB- from S&P or Baa3 from Moody's.

"IP" means Illinois Power Company, an Illinois corporation.

"IP Control Area" means the electric power system or combination of electric power systems to which a common automatic generation control scheme is applied by IP in order to: (i) match, at all times, the power output of the generators within the electric power system(s) and Capacity and Energy purchased from entities outside the electric power system(s), with the load within the electric power system(s); (ii) maintain, within the limits of Good Utility Practice, scheduled interchange with other control areas; and (iii) maintain the frequency and voltage of the electric power system(s) within reasonable limits in accordance with Good Utility Practice.

"IP Load" means the total amount of Capacity, Energy and Ancillary Services required by IP as an IDC, in accordance with MAIN and/or MISO requirements: (i) to provide Capacity and Energy to its retail customers located within the Service Area, (ii) to provide open access transmission service to its transmission customers in accordance with the terms of an Open Access Transmission Tariff, and (iii) to provide Delivery Services to retail customers located within the Service Area in accordance with its Delivery Services tariff approved by the ICC as in effect from time-to-time; provided, that IP Load shall include such retail customers served by IP only for such time as IP is and remains an IDC; provided, further, that IP Load shall not include any sales of Capacity, Energy, or Ancillary Services to wholesale customers served by IP or any other load-serving entity; provided, further, that for purposes of this Agreement, retail customers served under competitive service contracts entered into prior to the date of this Agreement shall be considered retail customers; and, provided, further, that if IP ceases to be an IDC, the IP Load shall

include only those customers which IP would have been permitted to serve had IP remained an IDC.

"IP System" means the electric transmission system owned by IP.

"IP Zonal Price" means, when there exists an LMP Market, the price identified by MISO for Energy withdrawals from the transmission system functionally controlled by MISO at locations on the IP System.

"kW" means kilowatts.

"kWh" means kilowatt-hours.

"Lender" or "Lenders" means: (i) any person or entity that, from time to time, has made loans, entered into a lease financing or extended other financial accommodation, directly or indirectly, to DYPM or DMG or for the financing or refinancing of any Primary Resource or Primary Resources, or of this Agreement, (ii) the holders of any bond, note or other evidence of such loans or other financial accommodation, or (iii) any person or entity acting on behalf of any such Lender or Lenders to whom any Lender's or Lenders' rights under financing documents have been transferred, any trustee on behalf of such Lender or Lenders, and any person or entity subrogated to the rights of such Lender or Lenders.

"Letter of Credit" means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch capable of issuing letters of credit with such bank having a credit rating of at least A- from S&P or A3 from Moody's, in a form and substance acceptable to the Party in whose favor the letter of credit is issued.

"LMP" means the locational marginal price for a given generator bus, as calculated and posted by MISO.

"LMP Market" means, for a given hour, a system, implemented and operated by MISO, in which users of the electric transmission grid in the Midwest are charged for electric transmission congestion based on the location of the transmission busses where they inject and withdraw power from the transmission system and the prices for electric energy at such busses. Such a system may or may not include a central clearing market for sales and purchases of electric energy. A necessary characteristic of an LMP Market, however, is the calculation and publishing by MISO of prices for electric energy (in $/MWh) at the Points of Delivery.

"Load Change Factor" means, with respect to any hour, the use of on-line generation to provide intra-hour changes in Energy requirements, and shall be specified as the Capacity (in MW) necessary to meet the peak demand in such hour less the equivalent quantity of MW equal to the Scheduled Energy for such hour.

"Load Growth Agreement" means an agreement under which IP purchases Capacity and/or Energy to satisfy IP load growth not satisfied under the agreements identified in clauses (i) through (v) of the definition of Qualified Agreements or through purchases of Tier 1 Capacity and/or Tier 1 Energy; provided, that: (A) IP shall provide reasonable proof of the timing and amount of the growth in IP Load, (B) the amount of Capacity and Energy purchased under a Load Growth Agreement (i) shall commence no sooner than the growth in load projected by IP, (ii) shall be limited to the quantity of load growth in On-Peak and Off-Peak periods, as separately projected by IP, and (iii) Energy purchased under a Load Growth Agreement shall be scheduled by IP only after IP has scheduled as much Energy as practicable under the Qualified Agreements identified in the clauses (i) through (v) of the definition of Qualified

Agreements, and as much Tier 1 Energy as practicable under this Agreement, and
(C) prior to entering into any Load Growth Agreement, DYPM shall have the option at its sole election to restore any Released Capacity and associated Energy under Section 5(a)(ii) in the amount of such load growth.

"MAIN" means the Mid-American Interconnected Network, or any successor organization thereto, or any organization that assumes any or all of the responsibilities of MAIN that relate to this Agreement.

"Maximum Energy Quantities" means the maximum amount of Energy that DYPM is obligated to provide to IP during a given hour and during a given Quarter, as applicable, as specified in Appendix 2.

"Metering Point" means the location of the meter associated with a Primary Resource, generally on the low voltage side of the step-up transformer of such Primary Resource.

"MISO" means the Midwest Independent Transmission System Operator, Inc., or any successor organization thereto, or any organization that has operational and/or functional control of the IP System.

"Moody's" means Moody's Investor Services, Inc.

"MW" means megawatts.

"MWh" means megawatt-hours.

"Negotiated Tier 2 Capacity" means Capacity, in addition to the Tier 1 Capacity, to be provided by DYPM to IP pursuant to a Negotiated Tier 2 Memorandum.

"Negotiated Tier 2 Energy" means Energy, in addition to the Tier 1 Energy, to be provided by DYPM to IP pursuant to a Negotiated Tier 2 Memorandum.

"Negotiated Tier 2 Memorandum" means a writing between the Parties setting forth the period, amount, price and other terms and conditions of any Negotiated Tier 2 Capacity and/or Negotiated Tier 2 Energy purchase agreed to between the Parties in accordance with Section 5(b)(i).

"NERC" means North American Electric Reliability Council or any successor organization thereto.

"Net Energy Load" means the Energy portion of the Net Load, which shall be, for any hour, the difference equal to: (i) the Energy portion of the IP Load for such hour (including any Ancillary Services converted to Energy), minus (ii) the Energy portion of Qualified Purchases for such hour.

"Net Load" means, for any hour, the difference equal to: (i) the actual IP Load for such hour, minus (ii) the Qualified Purchases for such hour.

"Network Integration Transmission Service" has the meaning provided in IP's or MISO' then-current Open Access Transmission Tariff.

"Network Resource" has the meaning provided in IP's or MISO's then-current Open Access Transmission Tariff.

"Off-Peak Hours" means, (i) on Business Days, (A) the hours ending at 1 CPT through 6 CPT, and (B) the hours ending 23 and 24 CPT, and (ii) all hours on all other Days.

"On-Peak Hours" means, on Business Days, the hours ending 7 CPT through **22 CPT.**

"Open Access Transmission Tariff" or "OATT" means IP's or MISO's then-current open access transmission tariff as accepted, approved or allowed into effect by the FERC, and any successor tariffs.

"Operating Limits" means, with respect to any Supply Resource, the Design Limits and the maximum electric generating ability, minimum electric generating ability, maximum ramp rates, limits on reactive power output, and the like, that must be respected by the operator of such Supply Resource in order to comply with Good Utility Practice, as such information relating to the Supply Resource is provided by DYPM to IP and, if necessary, to MISO, from time to time.

"Operating Reserve Requirement" means any obligation to maintain spinning operating reserve or supplemental operating reserve in accordance with MAIN Guide No. 5, the requirements of any other regional reliability council of which the IP System or the IP Control Area is a member, or the requirements of MISO.

"Overscheduled Energy" means, for any hour, the amount, if any, by which: (i) the difference equal to (A) the Scheduled Energy with respect to such hour, minus (B) the Net Energy Load in such hour, exceeds (ii) the Bandwidth Allowance with respect to such hour; provided, however, that in no event shall Overscheduled Energy be less than zero.

"PJM Average Hourly On-Peak Price" means the arithmetic mean of the sixteen (16) PJM Hourly On-Peak Prices for the applicable Day

"PJM Hourly On-Peak Price" means the prices published by the PJM Interconnection for the PJM Western Hub load zone for hours ending eight (8) through twenty three (23) Eastern Prevailing Time (which correspond to the On-Peak Hours) for the applicable Day of delivery.

"Point of Delivery" means, for a Primary Resource, the high voltage side of the step-up transformer closest to that Primary Resource, or, for any Alternative Resource, an interface between the IP System and the transmission system of another entity to the extent IP has the capacity to receive electric energy at such interface.

"Primary Resource" means a Supply Resource identified in Appendix 3.

"PUA" means the Illinois Public Utilities Act, 220 ILCS 5/1-101 et seq., as it may be amended from time to time.

"PURPA" means the Public Utility Regulatory Policies Act of 1978, as it may be amended from time to time.

"Qualified Agreements" means: (i) the Electric Energy Incorporated Interchange Agreement; (ii) those certain agreements entered into by IP pursuant to an RFP with one or more entities under which IP will purchase, in calendar years 2005 and 2006, 400 MW of Capacity and associated Energy provided 24-hours per day each day of the year, and 300 MW of Capacity and associated Energy during hours ending 7 through 22 CPT each Business Day; (iii) any agreements with one or more entities under which IP will purchase 200 MW of Capacity and associated Energy during all hours of calendar year 2006; (iv) that certain agreement for Capacity and/or Energy between IP and State Farm Insurance Company; (v) any purchase IP is required to make under PURPA from a Qualifying Facility; (vi) any Load Growth Agreement; (vii) any purchases by IP to replace such Capacity and/or Energy not provided under the terms of one or more of the

foregoing agreements; and (viii) any purchases made on IP's behalf by DYPM pursuant to IP's express direction.

"Qualified Purchases" means, for any hour: (i) 200 MW of Capacity and associated Energy pursuant to the Electric Energy Incorporated Interchange Agreement provided 24-hours per day, consistent with IP's permanent power schedule election under such agreement, provided that such election for 2005 is no different than such election for 2004; (ii) 400 MW of Capacity and associated Energy provided 24-hours per day each day of the year, and 300 MW of Capacity and associated Energy during hours ending 7 through 22 CPT each Business Day pursuant to those certain agreements entered into by IP pursuant to an RFP;
(iii) 200 MW of Capacity and associated Energy provided under any agreements with one or more entities during all hours of calendar year 2006; (iv) purchases of Capacity and associated Energy pursuant to that certain agreement for Capacity and/or Energy between IP and State Farm Insurance Company; (v) any amounts of Capacity and Energy IP is required to purchase under PURPA from a Qualifying Facility; (vi) any amounts of Capacity and Energy purchased by IP pursuant to any Load Growth Agreement; (vii) any amounts of Capacity and Energy purchased by IP to replace such Capacity and/or Energy not provided under the terms of one or more of the foregoing agreements; (viii) any amounts of Capacity and Energy purchased on IP's behalf by DYPM pursuant to IP's express direction.

"Qualifying Facility" means a qualifying facility as that term is defined by PURPA.

"Quarter" means each of the three month periods ending March 31, June 30, September 30 and December 31 of each calendar year.

"Released Capacity" has the meaning set forth in Section 5(a)(ii)(b).

"Reliability Compensation" means compensation to be paid by IP to DYPM for Reliability Dispatch Energy in accordance with Section 12(f).

"Reliability Dispatch" means the direction or operational control of a Primary Resource by IP or MISO in accordance with Section 7(h)(ii).

"Reliability Dispatch Energy" means Energy generated by a Primary Resource under conditions of Reliability Dispatch.

"RFP" means one or more Requests for Proposals for provision of electrical Capacity, Energy, and ancillary services to be issued by IP.

"S&P" means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.).

"Scheduled Ancillary Services" means the amount of Ancillary Services that IP schedules to be served from Supply Resources in each hour of the Day as set forth in the applicable Daily A/S Schedule.

"Scheduled Energy" means the aggregate amount of Tier 1 Energy and Negotiated Tier 2 Energy, if applicable, that IP specifies for delivery by DYPM to IP in each hour on a given Day, as set forth by IP in the applicable Daily Energy Schedule.

"Scheduled Load" means, collectively, the Scheduled Ancillary Services and Scheduled Energy in each hour of a given Day.

"Security Guarantee" means a form of security described in Section 15.

"Semi-Monthly Billing Statement" has the meaning set forth in Section 10(a).

"Semi-Monthly Payment" has the meaning set forth in Section 10(a).

"Service Area" means the geographic area within which IP is lawfully entitled to provide Capacity and Energy to retail customers as of the date of this Agreement.

"Shaped Daily On-Peak Index" means: (i) the applicable PJM Hourly On-Peak Price divided by the PJM Average Hourly On-Peak Price, multiplied (ii) by the Daily On-Peak Index.

"Supplemental Energy" means, for any hour, the lesser of: (i) the difference equal to (A) the Net Energy Load in such hour, minus (B) the Scheduled Energy with respect to such hour, or (ii) the Bandwidth Allowance for such hour; provided, however, that in no event shall Supplemental Energy be less than zero.

"Supply Resource" means (i) an electric generating unit capable of providing Capacity, Energy and/or Ancillary Services to which DYPM holds the rights to dispatch and/or control the operating level thereof and, accordingly, the rights to Capacity, Energy and/or Ancillary Services provided by such electric generating unit, or (ii) any contractual or similar rights to Capacity, Energy and/or Ancillary Services to which DYPM is entitled.

"Surcharge Factor" means: (i) 1.175 in calendar year 2005, and (ii) 1.15 in calendar year 2006.

"Term" has the meaning set forth in Section 2.

"Tier 1 Capacity" means Capacity in the amounts specified in Appendix 1 (as such amounts may be reduced by the amount of Released Capacity, if any) that DYPM shall provide to IP, and IP shall purchase from DYPM, to meet IP Load, throughout the Term.

"Tier 1 Capacity Price" means $4.00/kW-month.

"Tier 1 Energy" means Energy, other than Negotiated Tier 2 Energy, Supplemental Energy, and Underscheduled Energy, that DYPM shall provide to IP, and IP shall purchase from DYPM, in the amounts specified in Sections 5 and 7, to meet IP Load throughout the Term.

"Tier 1 Energy Price" means $30.00/MWh.

"Transmission Losses" means the cost of delivering Energy on the transmission system between the point of receipt and the point of delivery attributable to real energy losses, as defined in the applicable MISO FERC-approved tariff, or as defined in the FERC pro forma Open Access Transmission Tariff applied by the applicable transmission owners.

"True-Up Billing Statement" has the meaning set forth in Section 10(c).

"Underscheduled Energy" means, for any hour, the amount, if any, by which (i) the difference equal to (A) the Net Energy Load in such hour, minus (B) the Scheduled Energy with respect to such hour, exceeds (ii) the Bandwidth Allowance with respect to such hour; provided, however, that in no event shall Underscheduled Energy be less than zero.

"Unmetered Energy" means deliveries of Energy by DYPM to IP for certain property, equipment, facilities, and appurtenances owned by IP, on land owned or controlled by DMG, used by IP to serve IP Load, as further described in Appendix 6.

(b) Interpretation

In this Agreement, unless a different intention clearly appears:

(i) the singular number includes the plural and vice versa;

(ii) the reference to any Party includes such Party's successors and assignees but, if applicable, only if such successors and assignees are permitted by this Agreement, and reference to a Party in a particular capacity excludes such Party in any other capacity or individually;

(iii) reference to any gender includes the other gender;

(iv) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof;

(v) reference to any Section or Appendix means such Section of this Agreement or such Appendix to this Agreement, as the case may be, and references in any Section or definition to any clause or paragraph means such clause or paragraph of such Section or definition;

(vi) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof;

(vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(viii) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including"; and

(ix) reference to any law (including statutes and ordinances) means such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including rules and regulations, promulgated thereunder.

(c) No Presumption of Construction For or Against Any Party

Any rule of construction or interpretation requiring this Agreement to be construed or interpreted for or against any Party shall not apply to the construction or interpretation hereof.

(d) Titles and Headings

Section titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(e) Modification of Shaped Daily On-Peak Index

If any information needed for calculation of the Shaped Daily On-Peak Index becomes discontinued, the Parties promptly shall initiate expedited good faith negotiations in respect of an appropriate replacement index or alternate pricing methodology for immediate implementation. If the Parties reach agreement on the terms of an appropriate replacement index or alternate pricing methodology, the Parties shall reduce the agreement to writing and make it part of this Agreement, whereupon such terms shall become binding upon the Parties. If the Parties are unable to reach such agreement, such disagreement shall be resolved as provided in Section 14.

2. Term of Agreement

This Agreement shall become effective as of the Effective Date and shall continue in effect for a period ending at 11:59 p.m. CPT on December 31, 2006 (the "Term").

3. MISO Change to Sub-Zonal or Nodal Measurement

If, during the Term of this Agreement, MISO utilizes a system for scheduling, pricing, and/or calculating congestion, losses, or other charges based on sub-zones or transmission nodes, rather than there being a single zone for the IP Load, the Parties will revise this Agreement to reflect this utilization of such sub-zonal or nodal concepts by MISO. Sections of this Agreement that shall be modified pursuant to the provisions of the foregoing sentence include, but are not limited to, Subsections 12(c), 12(d), and 12(e). For the term of this Agreement, (y) IP shall not request, without the prior written consent of DYPM, that MISO separate the IP Control Area into more than one load zone; and (z) DYPM shall not request, without the prior written consent of IP, that MISO separate the IP Control Area into more than one load zone.

4. Interconnection Agreement

The Interconnection Agreement shall remain in effect for the duration of the Term.

5. IP's Entitlement to Capacity and Energy from DYPM

(a) Tier 1 Capacity and Tier 1 Energy

(i) Base Amounts. Except as otherwise provided in this Agreement and subject to the terms of this Agreement, IP shall be entitled to, and shall purchase from DYPM, and DYPM shall provide and shall sell to IP, at all times during the Term: (A) Tier 1 Capacity in the amounts specified in Appendix 1 (as such amount may be reduced by the amount of Released Capacity, if any), and (B) Tier 1 Energy and Ancillary Services in hourly amounts equal to the Scheduled Load.

(ii) Capacity Release.

(a) Capacity Release for 2005. By notice dated not later than September 1, 2004, IP may, at its sole option and discretion, reduce the amount of Tier 1 Capacity specified in Appendix 1 of this Agreement for all months in calendar year 2005 by up to 200 MW, provided that the IP Load shall have been reduced as a result of retail customers of IP switching electricity suppliers or terminating business operations. In the event IP releases capacity in calendar year 2005 pursuant to the provisions of this Section 5(a)(ii)(a), such release shall apply in the same amount to calendar year 2006.

(b) Capacity Release for 2006. By notice dated not later than September 1, 2005, IP may, at its sole option and discretion, reduce the amount of Tier 1 Capacity specified in Appendix 1 of this Agreement for all months in calendar year 2006 by an amount not to exceed the difference between 200 MW and the amount of capacity released, if any, pursuant to IP's election under Section 5(a)(ii)(a), provided that the IP Load shall have been reduced as a result of retail customers of IP switching electricity suppliers or terminating business operations (capacity released pursuant to Sections 5(a)(ii)(a) or 5(a)(ii)(b) being the "Released Capacity").

(c) Any amounts of Tier 1 Capacity released by IP pursuant to the provisions of this Section 5(a)(ii) shall be applied notionally to each month set forth on Appendix 1. During the period of any such release (A) the Tier 1 Capacity shall be reduced by the amount of the Released Capacity, and (B) the Tier 1 Energy for each Quarter shall be reduced by an amount equal to (1) the Tier 1 Energy for such Quarter, multiplied by (2) the amount of the Released Capacity divided by the Tier 1 Capacity (prior to such reduction).

(d) Any written notice of Released Capacity shall include reasonable proof of the net reduction in IP Load, and the amount of Released Capacity shall not be greater than the amount of the net reduction in IP Load. In addition to releasing Tier 1 Capacity in accordance with Subsections 5(a)(ii)(a) and (b), IP may by agreement with DYPM release any amount of Tier 1 Capacity at any time, upon such advance notice, and for such period or periods, as the Parties may agree.

(b) Tier 2 Capacity and Energy

(i) Negotiated Tier 2 Capacity and Energy. IP may purchase Negotiated Tier 2 Capacity and/or Negotiated Tier 2 Energy from DYPM for any period, in such amounts and at such price or prices, and on such terms and conditions, as the Parties may agree, if requested by IP in writing at least ten (10) Business Days prior to the start of such period, or upon shorter notice if otherwise agreed to by the Parties. The Parties shall record the period, amount, price and other terms and conditions of any Negotiated Tier 2 Capacity and/or Energy purchase in a Negotiated Tier 2 Memorandum. The Negotiated Tier 2 Memorandum shall set forth the manner in which the amount of the Negotiated Tier 2 Capacity and/or Energy provided or delivered to IP shall be determined.

(ii) Supplemental Energy and Underscheduled Energy in an LMP Market. If an LMP Market exists during any hour, IP shall acquire from MISO all Supplemental Energy and Underscheduled Energy, if any, required to meet the Net Energy Load.

(iii) Supplemental Energy and Underscheduled Energy with No LMP Market. If an LMP Market does not exist during the applicable hour, IP shall (subject to the quantity limitations set forth in Section 5(f)) purchase such Supplemental Energy and Underscheduled Energy from DYPM.

(c) Delivery of Energy and Ancillary Services by DYPM

(i) Points of Delivery. All Tier 1 Energy, Negotiated Tier 2 Energy, if any, and Ancillary Services provided by DYPM to IP shall be delivered at the Points of Delivery. To the extent DYPM provides IP Supplemental Energy or Underscheduled Energy, such Supplemental Energy

or Underscheduled Energy shall be delivered to the Points of Delivery. Title to such Energy or Ancillary Services shall pass from DYPM to IP at the Points of Delivery.

(ii) Transmission. DYPM shall be responsible for obtaining and/or providing transmission service for the Tier 1 Energy, Negotiated Tier 2 Energy, Supplemental Energy, Underscheduled Energy, and Ancillary Services to the Points of Delivery. DYPM shall be responsible for obtaining and/or providing firm transmission of the Tier 1 Capacity and Negotiated Tier 2 Capacity, to the Points of Delivery, to the extent such Capacity is provided by Alternative Resources. IP shall be responsible for obtaining and providing transmission for Tier 1 Energy, Negotiated Tier 2 Energy, Supplemental Energy, Underscheduled Energy, and Ancillary Services obtained from DYPM from the Points of Delivery to the IP Load.

(iii) Transmission Losses for Alternative Resources. To the extent incremental Transmission Losses are incurred by IP as a consequence of the delivery of Energy by DYPM from Alternative Resources to Points of Delivery other than such Points of Delivery adjacent to Primary Resources, and not caused by the negligence of IP, DYPM shall pay to IP an amount equal to the net difference between the Transmission Losses incurred by IP for delivery of such Energy to such Points of Delivery and what such costs would have been incurred for delivery of such Energy to the Points of Delivery adjacent to Primary Resources.

(d) Network Resources

IP shall annually designate the Primary Resources as Network Resources and shall be responsible for procuring the Network Integrated Transmission Service from the Primary Resources to the IP Load. IP shall comply with any request of DYPM for IP to designate an Alternative Resource as a Network Resource, to the extent permitted under the FERC-approved tariffs of IP and/or MISO.

(e) Use of Capacity, Energy, and Ancillary Services

IP shall use all Capacity, Energy, and Ancillary Services provided hereunder only to serve Net Load. IP shall not resell to any customer not included in the IP Load any Energy, Capacity or Ancillary Services provided by DYPM under this Agreement, except as provided in Section 5 (g)(ii).

(f) Minimum and Maximum Energy Quantities

(i) Minimum Energy. The Scheduled Energy for any hour shall not be less than, and IP shall be obligated to schedule and purchase not less than, the anticipated Net Energy Load.

(ii) Maximum Capacity. DYPM shall not be obligated, pursuant to this Agreement, to provide to IP more Capacity, at any point in time or in any period, than the lesser of: (A) the Capacity volumes specified in Appendix 1 for a given month plus any similar maximum Negotiated Tier 2 Capacity amount specified in a Negotiated Tier 2 Memorandum for that month, or (B) the Capacity component of the Net Load.

(iii) Maximum Hourly Energy. DYPM shall not be obligated, pursuant to this Agreement, to provide any Energy to IP in any hour, aggregated across all Points of Delivery, in excess of the lesser of: (A) the Maximum Hourly Energy Quantities set forth in Appendix 2 plus any applicable hourly maximums for Negotiated Tier 2 Energy specified in a Negotiated Tier 2 Memorandum, or (B) the Net Energy Load.

(iv) Maximum Quarterly Energy. DYPM shall not be obligated, pursuant to this Agreement, to provide any Energy to IP in any hour if provision of such Energy would cause the sum of the Energy delivered to IP pursuant to this Agreement during the present Quarter to exceed applicable Maximum Quarterly Energy Quantity set forth on Appendix 2 plus any applicable quarterly maximums for Negotiated Tier 2 Energy specified in a Negotiated Tier 2 Memorandum.

(v) Net Load. The Net Load (including the Net Energy Load) shall not be increased due to the failure of any provider of Capacity, Energy, or Ancillary Services under a Qualified Agreement to provide the full amount of Qualified Purchases, and in no event shall DYPM be obligated pursuant to this Agreement to provide any Capacity, Energy, or Ancillary Services to replace such Qualified Purchases.

(vi) Released Capacity. The maximum amounts set forth in Sections 5(f)(ii), (iii), and (iv) shall be reduced by the amount of any Released Capacity and corresponding Energy as provided in Section 5(a)(ii).

(g) Right to Market Energy and Ancillary Services to Third Parties

(i) DYPM shall be entitled to sell to any other party, consistent with applicable tariffs and/or regulations, Tier 1 Energy and Ancillary Services to which IP is entitled under this Agreement, but does not schedule in any period, for DYPM's own account and at its own risk, and DYPM shall have no obligation to account to IP for any revenues or profits received by DYPM as a result of such sales; provided, that nothing in this Section 5(g)(i) shall excuse or limit DYPM's obligation to provide to IP in any period, Tier 1 Capacity, Tier 1 Energy and related Ancillary Services to which IP is entitled under this Agreement.

(ii) In the event there does not exist an LMP Market and Scheduled Energy exceeds Net Energy Load for a given hour, IP shall have the exclusive right to sell such excess Energy to third parties. Without limiting IP's scheduling and payment obligations hereunder (including the obligation to schedule the Net Load), IP shall not be required to pay to DYPM any revenues received from such sales.

(h) Limit on IP Purchases of Capacity and Energy from Third Parties

(i) Except as provided in Section 5(h)(ii), IP shall purchase exclusively from DYPM all of IP's Energy and Capacity requirements to serve the IP Load, except for (a) Qualified Purchases and/or (b) Supplemental Energy or Underscheduled Energy obtained from MISO as provided herein.

(ii) IP shall provide DYPM notice of the term of and amounts of Capacity and amounts of Energy to be purchased under any Qualified Agreement within ten (10) days after IP's entry into such Qualified Agreement, but in no case later than the effective date of such Qualified Agreement.

(iii) Notwithstanding any provision in this Agreement to the contrary, nothing in this Agreement shall restrict IP's ability to purchase Capacity, Energy and/or Ancillary Services pursuant to Qualified Agreements.

(i) DYPM Supply Resources

DYPM shall be free to meet its supply obligations under this Agreement with any combination of Supply Resources chosen by DYPM in DYPM's sole discretion.

6. Quality of Energy Supplied by DYPM

All Energy which DYPM shall deliver to IP pursuant to this Agreement, whether generated or procured by DYPM, shall be in the form of three-phase alternating current having a nominal frequency of approximately 60 cycles per second, a harmonic content consistent with the requirements of the Institute of Electrical and Electronic Engineers Standard No. 519, and a voltage content consistent with the guidelines applied by IP to the IP System.

7. Scheduling

(a) Scheduling of IP Load

(i) IP shall provide DYPM with a Daily Energy Schedule, no later than 6:30 a.m. CPT of the preceding Business Day, setting forth the aggregated amount of Scheduled Energy during each hour of the applicable Day. IP shall provide DYPM with a Daily A/S Schedule, no later than 6:30 a.m. CPT of the preceding Business Day, setting forth the aggregated amount of Scheduled Ancillary Services during each hour of the applicable Day. If an LMP Market does not exist and IP anticipates that Net Energy Load will be materially different than Scheduled Energy, IP will use its best efforts to communicate such expectations to DYPM at least seventy-five (75) minutes before the hour of delivery; provided, -------- that for purposes of determining Supplemental Energy, Overscheduled Energy, Underscheduled Energy, and any amount payable pursuant to Section 12, only the daily forecast delivered at 6:30 a.m. CPT of the preceding Business Day shall be designated as the Scheduled Energy. If IP does not provide DYPM a Daily Energy Schedule or Daily A/S Schedule for a given Day by the required time, the forecasted Energy or Ancillary Services, as appropriate, specified for the applicable Day in the most recent rolling 10-Day Energy and Ancillary Services forecast, pursuant to Section 7(c), shall be deemed to be the Daily Energy Schedule or Daily A/S Schedule, as applicable.

(ii) IP shall use good faith efforts to ensure that Scheduled Energy and Scheduled Ancillary Services for a given hour shall equal the anticipated Net Load for such hour, subject to the quantity limits set forth in Sections 5(f) and 7(i), and to the provisions of Section 5(h).

(iii) The Daily Energy Schedule or the Daily A/S Schedule can be amended by mutual agreement of the Parties to reflect any Energy or Ancillary Services that may be requested by DYPM, provided that DYPM remains obligated to provide the amounts of Capacity, Energy, and Ancillary Services otherwise required by this Agreement.

(b) Reserve Nomination/Ancillary Services

As part of the Daily A/S Schedule provided pursuant to Section 7(a), IP shall specify hourly amounts of Tier 1 Capacity to be held as reserves for Spinning Reserves, Non-Spinning Reserves, Regulation and other Ancillary Services consistent with the applicable MAIN and/or MISO tariff requirements and
Section 7(i), and shall specify the Load Change Factor for each hour.

(c) Rolling 10-Day Energy and Ancillary Services Forecast

By 10:00 a.m. CPT each Day, IP shall submit to DYPM a non-binding 10-day forecast of the hourly IP Load including Ancillary Services, to be provided by DYPM under this Agreement.

(d) Monthly Energy and Ancillary Services Forecast

IP shall submit to DYPM, no later than the fifteenth (15th) day of each month, a non-binding monthly forecast of the hourly IP Load, including Ancillary Services, to be provided by DYPM under this Agreement for the following three months.

(e) DYPM Daily Resource Schedule

(i) No later than 11:00 a.m. CPT, DYPM shall provide to IP a Daily Resource Schedule for the next Day, identifying Supply Resources sufficient to provide Tier 1 Capacity, Negotiated Tier 2 Capacity, if any, Scheduled Energy and Scheduled Ancillary Services to meet the Scheduled Load.

(ii) The Supply Resources listed on the Daily Resource Schedule shall be Network Resources such that IP can use Network Integration Transmission Service under the IP OATT to move Energy and Ancillary Services provided by DYPM from the Supply Resources to IP's load busses. IP shall, in cooperation with DYPM, identify the Supply Resources as IP Network Resources pursuant to obtaining Network Integration Transmission Service under the IP and/or MISO OATT. If Alternative Resources are designated by DYPM, DYPM shall provide, in addition to the Alternative Resources identified in the Daily Resource Schedule, the applicable OASIS schedules identifying firm transmission capacity from such Alternative Resources to the Points of Delivery.

(f) Scheduling with MISO

DYPM and IP shall cooperate in efforts to undertake all actions necessary to schedule transmission of Capacity, Energy, or Ancillary Services: (i) to the Points of Delivery and/or (ii) from the Points of Delivery to the IP Load.

(g) DYPM Failure to Provide Capacity, Energy, and/or Ancillary

Services

(i) Additional Actions. In the event that DYPM fails to provide Energy, and/or Ancillary Services as required by this Agreement, and such failure is not excused pursuant to the terms of this Agreement or applicable law, and is not the result of actions or inactions by IP, DYPM shall promptly procure and/or dispatch sufficient additional Supply Resources to meet such requirements. In the event DYPM fails promptly to procure and/or dispatch such additional Supply Resources as required in the foregoing sentence, IP shall take reasonable actions, consistent with Good Utility Practice, to maintain the balance of electric supply and electric load on the IP System and in the IP Control Area, including obtaining additional Energy, and/or Ancillary Services as necessary to balance electric supply and electric load on the IP System and in the IP Control Area.

(ii) Cover Costs

(y) Capacity. If and to the extent: (A) DYPM fails, for at least five (5) consecutive Days, (i) to identify Supply Resources with Capacity sufficient to meet Scheduled Load or (ii) to

deliver Capacity from Supply Resources identified on a Daily Resource Schedule, and (B) such failure of DYPM (i) is not excused by the terms of this Agreement or applicable law and (ii) is not the result of actions or inactions by IP, then, (1) after consultation with DYPM, IP shall be entitled to purchase Capacity that it reasonably anticipates that DYPM will be unable to supply, provided that any such purchases are communicated to DYPM, and provided, further, that any such purchases are only to the extent of any such anticipated inability of DYPM to provide capacity, and (2) DYPM shall reimburse IP for the out-of-pocket costs reasonably incurred by IP to obtain replacement Capacity from a third-party on commercially equivalent terms and conditions for the period of such anticipated continuing failure in excess of the amounts IP otherwise would have been obligated to pay DYPM hereunder for such Capacity, including replacement Capacity and firm transmission.

(z) Energy. If and to the extent: (A) DYPM fails to procure and/or dispatch sufficient additional Supply Resources to supply Energy in accordance with Section 7(g)(i), and (B) such failure of DYPM (i) is not excused by the terms of this Agreement or applicable law and (ii) is not the result of actions or inactions by IP, then DYPM shall reimburse IP for the third-party, out-of-pocket costs reasonably incurred by IP to obtain replacement Energy for the period of such failure on commercially equivalent terms and conditions as a result of such failure in excess of the amounts IP otherwise would have been obligated to pay DYPM hereunder for such Energy, including replacement Energy and transmission, Congestion Costs, and related Transmission Losses.

(iii) Documentation Requirements. IP shall provide all supporting documentation reasonably required to substantiate and verify the cover costs described in Section 7(g)(ii).

(iv) CPS1 or CPS2 Violations. If and to the extent IP demonstrates that DYPM has failed to provide Scheduled Ancillary Services as required by this Agreement or otherwise fails to operate Supply Resources in accordance with Operating Limits, and such failure is not excused by the terms of this Agreement or applicable law and is not the result of actions or inactions by IP: (A) DYPM shall reimburse IP for the penalties incurred by IP as a consequence of any resulting CPS1 or CPS2 Violation by IP, and (B) DYPM shall provide any increase in quantities of Ancillary Services required by Main or Miso as a consequence thereof, at DYPM's expense. Except as provided in this Section 7(g)(iv), DYPM shall have no obligation or liability with respect to any CPS1 or CPS2 Violation by IP.

(v) Mitigation. IP shall use commercially reasonable efforts to mitigate the costs incurred in obtaining such replacement Capacity, Energy and/or Ancillary Services, and, for avoidance of doubt, DYPM shall have no obligation to reimburse any costs incurred by IP to obtain quantities of Capacity, Energy, or Ancillary Services in excess of quantity of each class of service required to be provided by DYPM hereunder.

(h) Dispatch to Serve IP Load and Reliability Dispatch

(i) Except as provided in Section 7(h)(ii), DYPM shall control, cause to be controlled the operation of, or otherwise utilize, the Supply Resources identified by DYPM for providing Capacity, Energy and/or Ancillary Services for purposes of serving the IP Load as required by this Agreement. DYPM shall dispatch such Supply Resources as required by this Agreement in the manner required to support compliance with applicable requirements and guidelines of NERC, MAIN, any other regional reliability council of which the IP System or IP Control Area is a member, and the MISO.

(ii) IP shall be authorized to direct DYPM to dispatch any Primary Resource out of economic dispatch order, subject to the Operating Limits or to any other limits reasonably imposed by DYPM or DMG, if and to the extent such redispatch is necessary in the sole judgment of IP to ensure the reliability of the IP System, to maintain the integrity of the IP System, or to fulfill a requirement of the Open Access Transmission Tariff or other applicable tariff, or a requirement or directive of NERC, MAIN, any other regional reliability council of which the IP System or IP Control Area is a member, or MISO, notwithstanding that such dispatch may be contrary to principles of economic dispatch or to a previously-established planned outage schedule ("Reliability Dispatch"). Notwithstanding the foregoing, in no case shall DYPM be required to operate any Primary Resource in a manner which exceeds the Operating Limits or which, in DYPM's reasonable judgment, jeopardizes the health or safety of any person or property or the safety or integrity of the Primary Resource. Redispatch of a Primary Resource to provide reactive power support, including emergency redispatch or non-emergency redispatch, is covered in and subject to the Interconnection Agreement.

(iii) DYPM shall be entitled to Reliability Compensation from IP in accordance with Section 12(f) for Reliability Dispatch Energy. IP acknowledges and agrees that this Agreement and the foregoing provisions of this Section 7(h) in particular do not apply to or authorize or allow any action by or direction from IP relating to returning the IP System to normal operation in the event of a whole or partial blackout on the IP System, and that any rights or obligations with respect thereto shall be governed by a separate black start service agreement directly between IP and DMG.

(i) Ancillary Services

IP shall specify in the Daily A/S Schedule no more than those Ancillary Services necessary to meet the then-applicable MAIN and/or MISO requirements for Ancillary Services for the IP Load, subject to the limitations specified in this
Section 7(i), after use of all other sources of Ancillary Services available to IP. DYPM shall be obligated to provide to IP only those Ancillary Services specified in such Daily A/S Schedule. DYPM shall have no obligation under this Agreement to provide reserve sharing services to IP or on IP's behalf to other entities or otherwise to respond to a reserve-sharing event. IP shall minimize the amount of Ancillary Services required to be provided by DYPM by, in good faith, maintaining or increasing existing customer demand side qualified resources for both spinning and non-spinning reserves and maintaining or increasing the provision of self-supplied Ancillary Services by transmission system customers in effect as of the date of execution of this Agreement. Furthermore, DYPM shall determine the specific Supply Resources from which Ancillary Services will be provided. Unless otherwise specifically set forth in this Agreement, there will be no separate charge for these Ancillary Services not converted to Supplemental Energy or Underscheduled Energy. Beginning on the date, if any, that MISO starts to operate a market for Ancillary Services, IP shall compensate DYPM for the provision of Ancillary Services in excess of the minimum amount required by MAIN or MISO on the date of this Agreement (except as set forth in Section 7(g)(ii)). Reciprocally, beginning on the same date, IP shall be compensated by DYPM for the provision of Ancillary Services less than the minimum amount required by MAIN or MISO on the date of this Agreement. "Ancillary Services" shall consist of the following:

(i) Spinning Reserves. This service is defined as the amount of generation which is on-line and loaded at less than maximum output, ready to serve additional demand and which can be fully applied in 10 minutes in the event of a system contingency.

(ii) Non-Spinning Reserves. This service is defined as the amount of generating capability not connected to the system but capable of serving demand within 10 minutes.

(iii) Regulation. This service is defined as the amount of generating capability in the form of Spinning Reserves necessary to provide for the continuous balancing of resources (generation and interchange) with load. Regulation service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load.

(iv) Frequency Response Service. This service is defined as the amount of generating capability necessary to maintain scheduled interconnection frequency at sixty cycles per second (60 Hertz).

If, however, the services contemplated by the MISO and/or its tariff, including the Ancillary Services provided hereunder, are changed materially from those in effect on the date of this Agreement, the Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement; provided, that no such changes shall alter the allocation between the Parties of the economic benefits and risks of this Agreement.

8. Financial Transmission Rights and Financial Flowgate Rights;

Congestion Costs

(a) Congestion Credit

Following the implementation of an LMP Market: (i) DYPM shall reimburse IP for any charges for Congestion Costs imposed by MISO on IP associated with transmitting Tier 1 Energy, Negotiated Tier 2 Energy (if such Negotiated Tier 2 Memorandum provides that DYPM shall be responsible for such Congestion Costs), Supplemental Energy, and Underscheduled Energy from Supply Resources to the IP Load, and (ii) in the event IP holds FTRs or FFRs on DYPM's behalf, IP shall pass-through to DYPM any financial benefits and financial obligations received from or imposed by MISO associated with holding such FTRs or FFRs on DYPM's behalf. In accordance with the foregoing sentence, DYPM shall credit or debit IP, as appropriate, for the amount of any such amounts charged or credited by MISO to IP on the True-Up Billing Statement issued following the receipt from MISO of necessary data for completion of such calculations.

(b) Financial Transmission Rights

(i) Annual Load Forecast

No later than fifteen (15) Business Days prior to MISO-established deadline for submitting to MISO nominations for FTRs or FFRs, IP shall provide DYPM with an annual forecast of the IP Load, by month. IP shall use its best efforts in developing such load forecast but shall not be responsible to DYPM for any differences between the forecast and actual IP Load.

(ii) FTR/FFR Nomination

At least two (2) Business Days prior to the MISO-established deadline for submitting to MISO nominations for FTRs or FFRs, DYPM shall provide IP a list of the FTRs and/or FFRs that DYPM wishes IP to have allocated by MISO in order to reduce DYPM's net liability to reimburse IP for Congestion Costs in accordance with Section 8(a). IP shall include such nominated FTRs and FFRs identified by DYPM in IP's list of nominated FTRs and FFRs submitted to MISO. IP shall in no way be restricted from nominating FTRs and/or FFRs in addition to those identified by DYPM.

(iii) FTR/FFR Allocation

IP shall assign to DYPM at no charge (except for any administrative charges assessed by MISO), for the Term of this Agreement, all FTRs and FFRs allocated to IP by MISO that correspond to the nominated FTRs and FFRs requested by DYPM, provided, however, that such FTRs and FFRs may be reduced pro rata to the extent that the quantity of FTRs and FFRs allocated to IP is less than the quantity of FTRs and FFRs nominated by IP; and, provided, further, that FTRs and FFRs so allocated shall be provided first to IP Load served by Qualified Agreements and DYPM pursuant to the provisions of this Agreement, prior to providing any FTRs and FFRs applicable to other IP Load. IP shall be entitled to receive FTRs and/or FFRs associated with Qualified Agreements in the same pro rata manner. In no event shall DYPM have rights to any FTRs or FFRs provided by MISO to IP to the extent such FTRs or FFRs are in effect following the Term of this Agreement. In the event MISO does not permit the assignment of FTRs or FFRs from IP to DYPM, (x) IP shall pass-through to DYPM at no charge all financial benefits provided by MISO to IP as a result of IP holding those FTRs or FFRs as if such FTRs or FFRs had in fact been assigned to DYPM; (y) IP shall pass-through to DYPM all financial obligations imposed by MISO on IP as a result of IP holding those FTRs or FFRs as if such FTRs or FFRs had in fact been assigned to DYPM, including any administrative charges assessed by MISO. DYPM shall provide to IP such forms of credit as MISO may require from IP as a result of IP holding such FTRs or FFRs on DYPM's behalf.

(iv) Other FTRs or FFRs

To the extent DYPM utilizes or intends to utilize Alternative Resources to supply the Net Load, and so requests that IP seek, on DYPM behalf, certain FTRs or FFRs from MISO, IP will use reasonable efforts to request such FTRs or FFRs on DYPM's behalf. If such FTRs or FFRs are unavailable or cannot be obtained despite IP's reasonable efforts, IP shall notify DYPM as soon as practicable, and DYPM will reimburse IP for any Congestion Costs and related Transmission Losses arising from DYPM's use of such Alternative Resources rather than Primary Resources for delivery of its supply obligations hereunder. DYPM shall bear all costs, if any, related to obtaining FTRs or FFRs pursuant to this
Section 8(b)(iv).

9. Metering and Meters

(a) Metering

(i) All Energy delivered by DYPM to IP from a Primary Resource shall be metered at the existing meter installations located at the Metering Points. Such metering installations shall be provided, installed and maintained pursuant to the Interconnection Agreement. Such meters shall be kept under seal, and such seals shall be broken only by DYPM and only when the meters are to be tested or adjusted.

(ii) At IP's option and expense, back-up meters may be installed at any Metering Point. Back-up meters shall be installed, owned, tested and maintained in accordance with procedures to be agreed upon by the Parties.

(b) Meter Testing and Inaccuracies

The meters shall be tested, any adjustments to the billing statements shall be made, and records relating to the meters shall be maintained, as provided in Sections 11.3 through 11.7 of the Interconnection Agreement, which Sections are incorporated herein by reference, mutatis mutandis.

10. Billing and Payment

(a) Semi-Monthly Billing Statements and Payments

(i) Semi-Monthly Billing Statements

DYPM shall provide to IP, on the fifteenth (15th) day of a month or, if such date is not a Business Day, on the next succeeding Business Day, a Semi-Monthly Billing Statement setting forth: (A) one-half of the monthly charge for Tier 1 Capacity and Negotiated Tier 2 Capacity, if any, for that month; (B) the total MWh of Tier 1 Energy reflected in the Daily Energy Schedules for the first through fifteenth (15th) days of that month, (C) if applicable, the price charged by DYPM for any Negotiated Tier 2 Energy as well as the total MWh of Negotiated Tier 2 Energy reflected in the Daily Energy Schedules for the first through fifteenth (15th) days of that month, and (D) based on the information provided in clauses (A) through (C) of this Section 10(a), the total amount due from IP to DYPM as a Semi-Monthly Payment for the first through fifteenth (15th) days of that month.

DYPM shall provide to IP, on the last day of a month or, if such date is not a Business Day, on the next succeeding Business Day, a Semi-Monthly Billing Statement setting forth: (w) one-half of the monthly charge for Tier 1 Capacity and Negotiated Tier 2 Capacity, if any, for that month; (x) the total MWh of Tier 1 Energy reflected in the Daily Energy Schedules for the sixteenth (16th) through last days of that month, (y) if applicable, the price charged by DYPM for any Negotiated Tier 2 Energy as well as the total MWh of Negotiated Tier 2 Energy reflected in the Daily Energy Schedules for the sixteenth (16th) through last days of that month, and (z) based on the information provided in clauses (w) through (y) of this Section 10(a), the total amount due from IP to DYPM as a Semi-Monthly Payment for the sixteenth (16th) through last days of that month.

(ii) Semi-Monthly Payment

On or before the third (3rd) Business Day following provision of a Semi-Monthly Billing Statement by DYPM to IP, IP shall pay DYPM, by electronic funds transfer, the total amount due from IP to DYPM as specified in such Semi-Monthly Billing Statement (a "Semi-Monthly Payment"); provided, however, that IP may reduce the amount paid as a result of a good faith dispute with the information provided in the Semi-Monthly Billing Statement, to the extent of the amount disputed as provided in Section 10(e).

(b) Provision of Final Monthly Data to DYPM

On or before the fifth (5th) Business Day of a calendar month, IP and DYPM shall exchange all data in their respective possessions reasonably necessary to calculate the True-Up Monthly Billing Statement to be prepared by DYPM hereunder; provided, however, that IP shall provide to DYPM all information necessary to calculate Supplemental Energy, Overscheduled Energy, and Underscheduled Energy as soon as provided by MISO to IP.

(c) True-Up Billing Statements

DYPM shall prepare True-Up Billing Statements under this Agreement no more frequently than once per calendar month. True-Up Billing statements shall show all usage amounts, unit charges and billing calculations used in calculation of such True-Up Billing Statement, including the following items:

(i) Tier 1 Capacity and Negotiated Tier 2 Capacity, in MW.

(ii) Tier 1 Energy, Negotiated Tier 2 Energy, Supplemental Energy, Overscheduled and Underscheduled Energy, by hour and in total, in MWh (specifying the amount of each determined, as applicable, through meter readings or, for Energy delivered from Alternative Resources, through schedules).

(iii) Scheduled Energy, by hour and in total, in MWh.

(iv) Reliability Dispatch Energy, separated into incremental Energy and decremental Energy, by hour and in total, in MWh.

(v) Tier 1 Capacity Price in $/kW-month, Negotiated Tier 2 Capacity Price, Negotiated Tier 2 Energy Price, Tier 1 Energy Price, and Supplemental Energy Price, in $/MWh.

(vi) Daily On-Peak Index, PJM Hourly On-Peak Price, Shaped Daily On-Peak Index, in $/MWh.

(vii) In the event an LMP Market exists, the IP Zonal Price and the LMP at each Point of Delivery, for all hours, in $/MWh.

(viii) Charges for Tier 1 Capacity and Tier 1 Energy, in accordance with Section 12(a).

(ix) Charges for Negotiated Tier 2 Capacity and Negotiated Tier 2 Energy, if applicable, in accordance with Section 12(b).

(x) Charges relating to Supplemental Energy, in accordance with Section 12(c).

(xi) Charges or surcharges relating to Underscheduled Energy, in accordance with Section 12(d).

(xii) Surcharges relating to Overscheduled Energy, in accordance with Section 12(e).

(xiii) Reliability Compensation, in accordance with Section 12(f).

(xiv) Charges or credits for Congestion Costs, in accordance with Section 8(a), as well as sub-components leading to such charges or credits.

(xv) Credits for the cost of any replacement Capacity or Energy obtained by IP during such month, in accordance with Section 7(g)(ii).

(xvi) Congestion Costs and Transmission Losses for deliveries from Alternative Resources.

(xvii) Financial benefits provided by MISO to IP as a result of IP holding FTRs or FFRs on DYPM's behalf, in accordance with Section 8(a).

(xviii) Financial obligations imposed by MISO on IP as a result of IP holding FTRs or FFRs on DYPM's behalf, in accordance with Section 8 (a).

(xix) Administrative charges assessed by MISO as a result of IP holding FTRs or FFRs on DYPM's behalf, in accordance with Sections 8(b)(iii) and 8(b)(iv).

(xx) Total amount of Semi-Monthly Payments made by IP to DYPM pursuant to Section 10(a).

(xxi) Net payment due from IP to DYPM or net credit due from DYPM to IP.

Net payment due from IP to DYPM pursuant to a True-Up Billing Statement shall be due on the due date of the next Semi-Monthly Payment that occurs at least five
(5) Business Days after such True-Up Billing Statement was provided to IP. If the IP Load is recalculated, or if any other amount required to prepare a True-Up Billing Statement is recalculated or restated not more than twelve (12) months after the date of such True-Up Billing Statement, the True-Up Billing Statement shall be recalculated and adjusted in a subsequent True-Up Monthly Billing Statement after such recalculation.

(d) Interest on Late Payments

Amounts due from one Party to the other and not paid by the due date specified in Sections 10(a)(ii), 10(c), or 10(i), as applicable, shall bear interest at the prime rate posted by BankOne Illinois, or its corporate successor, from the due date until the date of payment. Any amount paid by one Party to the other that is later determined to have been in excess of the payment due shall accrue interest at such rate from the date payment was made until the date such overpayment is returned or credited to the Party owed.

(e) Billing Disputes

(i) If DYPM or IP disputes in good faith any data provided by the other Party pursuant to this Section 10, or if IP disputes any portion of the any bill prepared pursuant to this Section 10, the Party disputing the data or bill shall provide written notice of the portion of the data or bill which is disputed to the other Party. IP shall pay the undisputed portion of such bill. Payment of the disputed amount or any billing adjustment which is necessary as a result of this Section 10(e) shall not be required until the dispute is resolved. The Parties shall use diligent, good faith efforts to resolve such dispute as promptly as possible. Disputes arising under this Section 10(e) which have not been resolved within thirty (30) days following notice of the dispute to the other Party shall be resolved in accordance with Section 14.

(ii) Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest as described in Section 10(d) from and including the due date but excluding the date paid. Any dispute with respect to data or a bill is waived unless the other Party is notified in accordance with Section 10(e)(i) within twelve (12) months of the date of such bill.

(f) Right of Set-Off

(Reserved.)

(g) Maintenance of Records

IP and DYPM shall keep and maintain all records and calculations supporting each billing statement submitted to IP (including all supporting data which was provided by DYPM) for three (3) years following the date the billing statement was submitted to IP.

(h) Audit Rights

(i) IP shall be entitled to cause independent audits to be performed of the billing statements provided by DYPM in accordance with this Section 10, including supporting documentation and calculations. Similarly, each Party shall be entitled to cause independent audits to be performed of the data provided by the other Party in accordance with this Section 10, including supporting documentation and calculations. Such audits (collectively, "Audits") may be performed at the request of each Party no more than once in a calendar year, unless the Party being audited consents to more frequent Audits, and shall cover all monthly data or billing statements prepared by IP or DYPM, respectively, subsequent to the last preceding Audit, if any. Within twelve (12) months following termination of this Agreement, either Party shall be entitled to cause an Audit to be performed applicable to the time period subsequent to the last preceding Audit, if any.

(ii) Such Audits shall be conducted by an independent auditor selected by the Party invoking its right to audit pursuant to this Section 10(h). The Party being audited shall give the independent auditor access to all records, calculations and work papers necessary for the auditor to audit and verify the accuracy of the data or monthly billing statements prepared, as applicable. The independent auditor shall establish such procedures as are necessary to prevent any market information or other confidential information of one Party from being disclosed to the other Party, and shall agree in writing as a condition of engagement not to disclose any such information to the Party invoking its right to audit pursuant to this Section 10(h). Any amount which the auditor finds, as a result of an error in a monthly data or billing statements provided by one Party to the other, to be owed from one Party to the other Party shall be paid by the Party owing such amount within thirty (30) days following the date of the auditor's report, with interest at the rate determined in accordance with Section 10(d) from the date payment was originally due on the monthly billing statement which the auditor finds to have been in error or the date paid or repaid.

(i) True-Up Billing Statement Applicable to Final Month of Term

No later than ten (10) Business Days following receipt by DYPM from MISO and IP of all data necessary to calculate a True-Up Billing Statement covering the final month of the Term of this Agreement, DYPM shall provide to IP a True-Up Billing Statement covering: (i) the period between the month covered by the most recently provided True-Up Billing Statement and the final month of the Term, and (ii) the final month of the Term. Solely with regards to the True-Up Billing Statement provided in accordance with this Section 10(i), the Party owing money shall pay to the other Party the undisputed amount indicated on such True-Up Billing Statement, by electronic funds transfer, on or before the fifth (5th) Business Day following presentation of the billing statement to IP.

11. Force Majeure Events

(a) Occurrences Constituting Force Majeure Events

A "Force Majeure Event" means an event or circumstance which prevents a Party from performing its obligations under this Agreement, which event or circumstance is not within the reasonable control of, or the result of the negligence of such Party, and which, by the exercise of due diligence, such Party is unable to overcome or avoid or cause to be avoided, including: (i) explosion or fire not caused by the negligence of the Party claiming force majeure, (ii) flood, earthquake, storm or other revulsions of nature or natural calamity or Act of God, (iii) war, insurrection, riot or civil disobedience or unrest, (iv) acts of sabotage, or (v) any other event, occurrence or circumstance beyond the reasonable control of the affected party, whether or not

of the same class or character as those enumerated in this sentence; provided, however, that equipment failure shall not constitute a Force Majeure Event.

(b) Invocation of Force Majeure Condition

A Force Majeure Condition shall exist only upon declaration thereof by a Party by written or oral notice to the other Party (with any such oral notice to be promptly confirmed in writing) that a Force Majeure Event has occurred or is occurring. Such notice shall be given by the Party claiming a Force Majeure Condition to the other Party as soon as practicable after the Force Majeure Event occurs. Such written notice or, if oral notice is given, the written confirmation thereof, shall provide all relevant particulars about the Force Majeure Event, including the anticipated duration of the Force Majeure Condition.

(c) Consequences of Force Majeure Condition

(i) During a Force Majeure Condition, and to the extent a Party's performance is prevented by a Force Majeure Event, the Party claiming a Force Majeure Condition shall have no obligation to supply or receive Capacity, Energy or Ancillary Services to or from the other Party, or from the Supply Resources affected by the Force Majeure Condition, and shall have no obligation to supply or reimburse the other Party for any replacement Capacity, Energy or Ancillary Services therefore. In the event DYPM claims a Force Majeure Condition, any Tier 1 Capacity and Negotiated Tier 2 Capacity to which IP was otherwise entitled during the period that the Force Majeure Condition is in effect shall be reduced by the amount of the Capacity affected by the Force Majeure Condition, with such amount of affected Capacity being first allocated to Negotiated Tier 2 Capacity and then to Tier 1 Capacity, up to the total amount of Capacity affected by the Force Majeure Event. The Tier 1 Energy, Negotiated Tier 2 Energy and amount of Ancillary Services required to be provided by DYPM shall be reduced on a ratable basis.

(ii) During a Force Majeure Condition, IP's obligation to pay Capacity charges pursuant to Sections 12(a) and 12(b) shall be reduced pro rata by the ratio of the Capacity rendered unavailable to the sum of the Tier 1 Capacity and the Negotiated Tier 2 Capacity, for the month or months, or portions thereof, during which the Force Majeure Condition continues.

(iii) Any Party claiming a Force Majeure Condition shall and shall cause its affiliates or, where applicable, other unit owners or operators, to exercise all reasonable efforts to terminate or resolve a Force Majeure Condition, and such Party shall make periodic reports to the other Party on the status of the Force Majeure Condition and the anticipated date for its resolution or termination.

(iv) Neither a Force Majeure Event nor a Force Majeure Condition shall suspend either Party's obligation to make payments already accrued.

12. Pricing and Payments

For each calendar month, IP will pay the following amounts:

(a) Tier 1 Capacity Charges and Tier 1 Energy Charges

(i) Tier 1 Capacity Charges. IP shall pay DYPM a charge for Capacity for each calendar month equal to: (A) 2,800 MW (as adjusted for any Released Capacity as provided in Section 5(a)(ii), multiplied

by (B) the Tier 1 Capacity Price, multiplied by (C) a conversion factor of 1,000 kW per MW.

(ii) Tier 1 Energy Charges. IP shall pay DYPM a charge for Tier 1 Energy for each calendar month equal to the sum, for each hour of such calendar month, of product of: (A) the Tier 1 Energy Price, multiplied by (B) the Scheduled Energy for such hour.

(b) Negotiated Tier 2 Capacity Charges and Negotiated Tier 2

Energy Charges

IP shall pay DYPM for any Negotiated Tier 2 Capacity and/or Negotiated Tier 2 Energy purchased by IP in a calendar month at the prices set forth in the Negotiated Tier 2 Memorandum applicable to such transaction or transactions.

(c) Supplemental Energy Charges

(i) For each hour in which an LMP Market exists, IP shall purchase Supplemental Energy from MISO at the IP Zonal Price. If the IP Zonal Price for such Supplemental Energy for such hour exceeds the Tier 1 Energy Price, DYPM shall pay IP an amount equal to the product of: (w) such excess in price and (x) the amount of such Supplemental Energy for such hour. If the Tier 1 Energy Price exceeds the IP Zonal Price for such Supplemental Energy for such hour, IP shall pay DYPM an amount equal to the product of: (y) such excess in price and (z) the amount of such Supplemental Energy for such hour.

(ii) For each hour in which no LMP Market exists, IP shall purchase Supplemental Energy from DYPM at the Tier 1 Energy Price.

(d) Underscheduled Energy Charges and Surcharges

(i) For each hour in which an LMP Market exists, IP shall purchase Underscheduled Energy from the MISO at the IP Zonal Price, and IP shall pay DYPM a surcharge for Underscheduled Energy equal to: (y) the amount of Underscheduled Energy, multiplied by (z) the positive difference, if any, of the Tier 1 Energy Price less the IP Zonal Price for such hour.

(ii) For each hour in which no LMP Market exists, IP shall purchase Underscheduled Energy from DYPM, at the following prices: (A) for On-Peak Hours, the price for Underscheduled Energy shall be the Surcharge Factor multiplied by the Shaped Daily On-Peak Index applicable to such hour; and (B) for Off-Peak Hours, the price for Underscheduled Energy shall be the Tier 1 Energy Price.

(e) Overscheduling Surcharge

(i) For each hour in which an LMP Market exists, IP shall pay DYPM a surcharge for Overscheduled Energy equal to: (y) the amount of Overscheduled Energy, multiplied by (z) the positive difference, if any, of the IP Zonal Price for such hour less the Tier 1 Energy Price.

(ii) For each On-Peak hour in which no LMP Market exists, IP shall pay DYPM a surcharge for Overscheduled Energy equal to: (A) the amount of Overscheduled Energy multiplied by (B) the positive difference, if any, equal to (y) the Surcharge Factor multiplied by the Shaped Daily On-Peak Index applicable to such hour, minus (z) the Tier 1 Energy Price. There shall be no surcharge paid by IP to DYPM for Overscheduled Energy during Off-Peak hours in which no LMP Market exists, other than

any charge paid by IP to DYPM for Scheduled Energy owing to the fact that all Overscheduled Energy is also Scheduled Energy.

(f) Reliability Compensation

In the event no LMP Market exists, for each event of Reliability Dispatch requested by IP, MAIN, or MISO requiring incremental or decremental Energy or Ancillary Services production from a given Primary Resource, IP shall reimburse DYPM for the following costs associated with such Reliability Dispatch.

(i) If such Reliability Dispatch requires incremental Energy production from a Primary Resource, IP shall reimburse DYPM in the amount of 110% of DYPM's actual startup, variable operations and maintenance, and fuel costs associated with the startup or incremental Energy production from such Primary Resource.

(ii) If such Reliability Dispatch requires decremental Energy production from a Primary Resource and an equal amount of incremental Energy production from another Primary Resource, IP shall reimburse DYPM in the amount of any increased costs of Energy production as a result of such changes in Energy production levels on account of such Reliability Dispatch.

(iii) If such Reliability Dispatch requires decremental Energy production from a Primary Resource and DYPM is unable or not permitted to increment Energy production of another Primary Resource, IP shall reimburse DYPM in the amount of the margin foregone (revenues minus incremental production costs) by DYPM for existing Energy schedules with one or more third-parties as a result of such Reliability Dispatch.

(g) Unmetered Energy

IP shall compensate DYPM for Unmetered Energy based on the estimated annual amounts in MWh provided on Appendix 6 and a price of $30/MWh. Unmetered Energy is not subject to the scheduling provisions of Section nor shall Unmetered Energy be considered Tier 1 Energy.

(h) Sample Calculation

A sample calculation of charges for Tier 1 Energy, Overscheduled Energy, Supplemental Energy, and Underscheduled Energy is attached as Appendix
5. In the event of any conflict between Appendix 5 and the terms of this Agreement, the terms of this Agreement shall govern.

13. Events of Default, Liability and Remedies

(a) Defaults

Subject to Sections 11, 13(c), and 13(f), and any other applicable provision of this Agreement, any of the following shall constitute an "Event of Default":

(i) Either Party's failure to discharge or perform any material duty or obligation under this Agreement other than those instances set forth in clauses (ii) through (vi) of this Section 13(a), which failure is not cured within 20 days after receipt of notice from the non-defaulting Party describing such Event of Default;

(ii) Either Party's failure to pay any undisputed amount due and payable under this Agreement, which failure is not cured through payment of such undisputed amount within two (2) Business Days after receipt of notice from the non-defaulting Party describing such Event of Default and demanding payment;

(iii) Failure of DYPM to provide Capacity, Energy, or Ancillary Services in accordance with this Agreement resulting in the obligation of DYPM to pay IP at least twenty-five million dollars ($25,000,000) pursuant to Section 7(g)(ii) over any consecutive three (3) months during the Term;

(iv) Either Party or its Guarantor becomes Bankrupt;

(v) Either Party fails to provide and maintain the Security Guaranty required hereunder within two (2) Business Days after receipt of notice from the non-defaulting Party describing such Event of Default and demanding such Security Guarantee; and

(vi) Either Party's corporate status is dissolved and not reinstated within thirty (30) days after such dissolution or, if such dissolution was inadvertent, within thirty (30) days after discovery of such dissolution.

(b) Indemnification

Subject to Sections 11, 13(c), and 13(f), and any other applicable provision of this Agreement: (i) DYPM shall not be liable for, and IP shall indemnify DYPM from and against, any and all claims, damages, liabilities or expenses, whether suffered or incurred by DYPM or by some other person or entity, resulting from or caused by IP's gross negligence or willful misconduct;
(ii) IP shall not be liable for, and DYPM shall indemnify IP from and against, any and all claims, damages, liabilities or expenses, whether suffered or incurred by IP or by some other person or entity, resulting from or caused by the gross negligence or willful misconduct of DYPM; and (iii) if IP and DYPM are held jointly and severally liable for any claim, damage, liability or expense of any third party, a right of contribution shall exist as between IP and DYPM.

(c) No Consequential or Punitive Damages

Notwithstanding any other provision in this Agreement to the contrary, in no event or any circumstances shall either Party be liable to the other for any special, incidental, indirect, consequential (including loss of profit, loss of use, claim of liability on account of any business interruption of the injured Party, or claims of customers), punitive or exemplary damages, whether such claim, damage, liability, expense or loss is based on contract, warranty or tort (including intentional acts, errors or omissions, negligence, indemnity, strict liability or otherwise).

(d) Warranty Disclaimer

EXCEPT AS SET FORTH IN SECTION 6, DYPM MAKES NO WARRANTIES (EXPRESS OR IMPLIED) WITH REGARD TO THE ENERGY, CAPACITY OR ANCILLARY SERVICES SOLD OR PROVIDED PURSUANT TO THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(e) Remedies

(i) If an Event of Default has occurred, the non-defaulting Party, at its discretion, may take either of the following actions:

(A) In the case of clauses (ii), (iii), (iv) or (v)

of Section 13(a), immediately terminate this Agreement;

(B) In the case of clauses (i) or (vi) of Section
13(a), proceed pursuant to the dispute resolution procedures set forth in Section 14;

(ii) The rights and remedies herein provided in case of an Event of Default or other breach shall be exclusive and in lieu of all other rights and remedies existing at law or in equity.

(f) Exclusive Remedy

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE REMEDIES SET FORTH IN SECTIONS 7(g) SHALL BE IP'S EXCLUSIVE REMEDIES AND DYPM'S EXCLUSIVE LIABILITY FOR ANY FAILURE OF DYPM TO PROVIDE CAPACITY, ENERGY OR ANCILLARY SERVICES REQUIRED BY THIS AGREEMENT.

14. Dispute Resolution

(a) Administrative Committee Procedure

If any dispute or disagreement arises out of or relates to matters concerning this Agreement or the breach, termination or validity thereof ("Dispute"), and, if applicable, a Party has not elected a remedy provided for in Sections 7(g) or 13(e), at the written request of either Party, the Dispute shall be referred to an officer of each Party, who shall attempt to timely resolve the disagreement. If such representatives can resolve the disagreement, such resolution shall be reported in writing to and shall be binding upon the Parties. If such representatives cannot resolve the disagreement within thirty
(30) days after the date of a notice requesting such referral, or if a Party fails to appoint a representative within ten (10) days after the date of a notice requesting such referral, then, at the election of either Party, the matter shall proceed to arbitration as provided in Section 14(b).

(b) Arbitration

If the Parties are unable, pursuant to Section 14(a), to resolve a Dispute arising on a matter pertaining to this Agreement, such Dispute shall be settled by arbitration and any award issued pursuant to such arbitration may be enforced in any court of competent jurisdiction. Either Party may commence arbitration by serving written notice thereof on the other Party, which notice shall designate the issue(s) to be arbitrated, the specific provisions of this Agreement under which such issues arose and such Party's proposed resolution of such issue(s). Representatives from IP and DYPM shall meet for the purpose of jointly selecting an arbitrator within ten (10) days after the effective date of such notice. If no arbitrator has been selected within twenty (20) days of the date of such notice, then an arbitrator shall be selected in accordance with the procedures of the American Arbitration Association. Whether selected by the Parties or in accordance with the procedures of the American Arbitration Association, the arbitrator shall have qualifications and experience in an occupation, profession or discipline relevant to the subject matter of the Dispute. Any such arbitration shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association in effect on the date of such notice other than as specifically modified herein. The arbitrator shall be bound by the provisions of this Agreement, where applicable, and shall have no authority to modify such provisions in any manner. The

arbitrator shall render a decision resolving the Dispute in a manner which is equitable under the facts and circumstances and in light of the applicable provisions of this Agreement, and which may include a monetary award to a Party or a directive that a Party take certain actions or refrain from certain actions, but shall have no authority to fashion any other type or form of relief; provided, that nothing in this Section 14(b) shall preclude the arbitrator from rendering a decision which adopts the resolution of an issue proposed by one of the Parties. The decision of the arbitrator shall be final and binding upon both Parties, and a Party may have any court having jurisdiction over the Parties enter judgment in accordance with the arbitrator's award.

(c) Obligations to Pay Charges and Perform Other Obligations

Except as to such matters with respect to which a Party has elected the remedy provided by Sections 13(e) or 7(g), if a Dispute should arise on any matter which is not resolved as provided in Section 14(a), then, pending resolution of the Dispute by arbitration pursuant to Section 14(b), DYPM shall continue to operate the Primary Resources and otherwise perform its obligations hereunder in a manner consistent with the applicable provisions of this Agreement, and IP shall continue to pay all charges required and perform all other obligations in accordance with the applicable provisions of this Agreement.

15. Security Guarantee

(a) By DYPM in Favor of IP

DYPM shall post a Security Guarantee with and in favor of IP in the aggregate amount of $5,000,000 to ensure the timely performance of DYPM's obligations to deliver Capacity and Energy to IP in accordance with the terms of this Agreement, including any obligation of DYPM arising under this Agreement to pay money to IP. Such Security Guarantee shall, at DYPM's option, consist of one of the following: (i) an irrevocable letter of guaranty issued by DYPM's Guarantor, in the form of Appendix 4, (ii) a Letter of Credit, or (iii) cash or an irrevocable guaranty or bond issued by a bank, insurance company, other financial institution or other Guarantor of acceptable creditworthiness to IP, in each case in favor of IP; provided, that in the event of a Downgrade Event with respect to DYPM's Guarantor, if any (or until such Guarantor shall be Investment Grade), DYPM shall, within 15 days following the date of such Downgrade Event, post the full amount of the Security Guarantee in accordance with clauses (a)(ii) or (a)(iii) of this Section 15 and shall maintain the full amount of the Security Guarantee in accordance with clauses (a)(ii) or (a)(iii) of this Section 15 for the duration of such Downgrade Event.

(b) By IP in Favor of DYPM

IP shall post a Security Guarantee with and in favor of DYPM in the aggregate amount of $25,000,000 to ensure the timely performance of IP's obligations to DYPM in accordance with the terms of this Agreement, including any obligation of IP arising under this Agreement to pay money to DYPM. Such Security Guarantee shall, at IP's option, consist of one of the following: (i) an irrevocable letter of guaranty issued by IP's Guarantor, in the form of Appendix 4, (ii) a Letter of Credit, or (iii) cash or an irrevocable guaranty or bond issued by a bank, insurance company, other financial institution or other Guarantor, of acceptable creditworthiness to DYPM, in each case in favor of DYPM; provided, that in the event of a Downgrade Event with respect to DYPM's Guarantor, if any, IP shall, within 15 days following the date of such Downgrade Event, post the full amount of the Security Guarantee solely in accordance with option (ii) or (iii) and shall maintain the full amount of the Security Guarantee solely in accordance with option (ii) or (iii) for the duration of such Downgrade Event.

(c) Costs of Security Guarantee

Costs of a Security Guarantee shall be borne by the applicant for such Security Guarantee.

16. Sale, Assignment, Mortgage or Pledge

(a) Sale or Assignment or Rights and Obligations

Neither Party may assign its rights or obligations under this Agreement to a third party without the express written consent of the other Party, which may not be unreasonably withheld.

(b) Consent to Mortgage or Pledge

Notwithstanding any limitations on sale, lease, transfer or assignment imposed by Section 16(a), IP hereby consents to the mortgage, pledge or refinancing of any Primary Resource or Primary Resources, or of this Agreement, by DYPM or DMG including the creation of a security interest in any Primary Resource or Primary Resources or in this Agreement in, favor of any Lenders. IP further agrees to execute documentation to evidence such consent; provided that IP shall have no obligation to waive any of its rights under this Agreement. IP further acknowledges that any such mortgage, pledge, refinancing or creation of security interest may require the recognition of certain rights of Lenders in the underlying documents, including:

(i) that this Agreement shall not be amended or terminated (except for termination permitted pursuant to the terms of this Agreement) without the consent of the Lenders;

(ii) that, without extending any cure period set forth in this Agreement, Lenders shall be given notice of, and the same opportunity to cure, any breach or default of this Agreement by DYPM;

(iii) that, if a Lender forecloses, takes a deed in lieu thereof or otherwise exercises its remedies pursuant to any security documents, then IP shall, at such Lender's request, continue to perform all of its obligations hereunder, and Lender or its nominee may perform in the place of DYPM, and may assign this Agreement to another party in place of DYPM (provided either (A) such proposed assignee is creditworthy (or posts a Security Guarantee as contemplated hereunder) and possesses or acquires through an operator experience and skill in the operation of electric generation plants similar in nature to the Primary Resources, or (B) IP consents to the assignment to such proposed assignee, which consent shall not be unreasonably withheld, it being understood that IP may, in deciding whether to grant such consent, take into account the creditworthiness and the electric generation plant experience and skill of the proposed assignee or its Guarantor), and enforce all of DYPM's rights and obligations under this Agreement;

(iv) that neither Lender(s) nor its nominee shall have liability under this Agreement except to the extent any such Lender or its nominee elects to perform DYPM's obligations as contemplated by paragraph (iii) above;

(v) that IP shall accept performance in accordance with this Agreement by Lender(s) or its (their) nominees;

(vi) that IP shall make all payments to an account designated by Lender(s); and

(vii) that IP shall make such representations and warranties to Lender(s) as Lender(s) may reasonably request with regard to: (A) IP's corporate existence, (B) IP's corporate authority to execute, deliver and perform this Agreement, (C) the binding nature of this Agreement on IP, (D) receipt of regulatory approvals by IP with respect to its performance under this Agreement, and (E) whether any defaults by DYPM are known by IP to then exist under this Agreement.

17. Governing Law

This Agreement shall be deemed to be an Illinois contract and shall be construed in accordance with and governed by the laws of the State of Illinois without regard to its conflict of laws provisions.

18. Notices

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement shall be in writing and shall be delivered to the address set forth below or such other address as the receiving Party may from time to time designate by written notice:

If to IP, to:

Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525
Attention: President

If to DYPM, to:

Dynegy Power Marketing, Inc.
1000 Louisiana Street, Suite 5800 Houston, Texas 77002
Attention: Senior Vice President

All notices shall be effective when received.

19. Confidentiality

Each Party agrees that it will treat in confidence this Agreement and all documents, materials and other information which it shall have obtained regarding the other Party during the course of the negotiations leading to, and its performance of, this Agreement (whether obtained before or after the Effective Date), each Party shall return to the other Party all copies of any nonpublic documents and materials which may have been furnished in connection herewith. This Agreement and such documents, materials and information shall not be communicated to any third party (other than a Party's counsel, accountants, financial advisors, corporate parents, affiliates, officers, directors or employees thereof, or in connection with the sale or assignment or financing or refinancing of such Party or its affiliates or a Primary Resource or Primary Resources or this Agreement if DYPM or IP (as the case may be) has given prior notice to the other Party and entered into a confidentiality agreement satisfactory to the other Party with the proposed recipient of the information). The obligation of each Party to treat such documents, materials and other information in confidence shall not apply to any information which: (i) is or becomes available to such Party from a source other than the other Party, (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents, (iii) is required to be disclosed under applicable law

or judicial process, but only to the extent it must be disclosed, or (iv) such Party reasonably deems necessary to disclose to obtain any of the consents or approvals contemplated hereby.

20. Miscellaneous Provisions

(a) Non-Waiver

The failure of either Party to insist in any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.

(b) Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto. Nothing in this Agreement shall be construed to create any duty to, or standard or care with reference to, or any liability to, any person or entity not a Party to this Agreement.

(c) No Association, Partnership or Joint Venture

This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon either Party. DYPM is an independent contractor and neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or to act on behalf of, or to act as or be an agent or representative of, or otherwise bind, the other Party, unless, and only to the extent that, such right, power and authority is expressly provided for in this Agreement.

(d) Survival of Obligations

Cancellation, expiration or earlier termination of this Agreement shall not relieve the Parties of obligations that by their nature should survive such cancellation, expiration or termination, including exclusion of warranties and remedies, exclusions of consequential damages, limitations on liability, audits, promises of indemnity, and confidentiality.

(e) Successors and Assignees

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

21. Amendments

No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

22. Entire Agreement

This Agreement supersedes all previous representations, understandings, negotiations and agreements either written or oral between the Parties hereto or their representatives with respect to the subject matter hereof and constitutes the entire agreement of the Parties with respect to the subject matter hereof.

23. FERC Standard of Review

Absent the agreement of the Parties to the proposed change, the standard of review for changes to this Agreement specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956), and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

24. Severability

The Parties agree that in the event that any portion of this Agreement is determined to be invalid, illegal or unenforceable for any reason, the remaining portions of this Agreement shall be unaffected and unimpaired thereby, and shall remain in full force and effect, to the fullest extent permitted by applicable law, and the Parties shall negotiate in good faith to amend this Agreement to affect the intent of the Parties in entering into this Agreement.

IN WITNESS WHEREOF the Parties hereto, by their duly authorized representatives, have caused this Agreement to be executed on the date first written above.

ILLINOIS POWER COMPANY	DYNEGY POWER MARKETING, INC.
By:	By:
Name:	Name:

Title: Title:

LIST OF APPENDICES

Appendix 1: Monthly Tier 1 Capacities

Appendix 2: Maximum Energy Quantities

Appendix 3: Design Limits of Primary Resources

Appendix 4: Form of Guaranty

Appendix 5: Sample Calculation of Charges

Appendix 6: Unmetered Energy Amounts

APPENDIX 1

MONTHLY TIER 1 CAPACITIES

2005 and 2006 Monthly Tier 1 Capacity Volumes (in megawatts)

January	2,300
February	2,300
March	2,300
April	2,300
May	2,800
June	2,800
July	2,800
August	2,800
September	2,800
October	2,300
November	2,300
December	2,300

APPENDIX 2

MAXIMUM ENERGY QUANTITIES

2005 and 2006 Maximum Quarterly Energy Quantities (in MWh per Quarter)

Q1 2,600,000
Q2 2,600,000
Q3 3,450,000
Q4 2,850,000

Total = 11,500,000 megawatt hours per year

2005 and 2006 Maximum Hourly Energy Quantities (in MWh per hour)

January	2,300
February	2,300
March	2,300
April	2,300
May	2,800
June	2,800
July	2,800
August	2,800
September	2,800
October	2,300
November	2,300
December	2,300

APPENDIX 3

DESIGN LIMITS OF PRIMARY RESOURCES

	Operation Maximum Load (MW)	Emergency Operation Minimum Load (MW)	SCR Operation Normal Minimum Load (MW)	Ramp Rates		
				Zero to Normal Minimum (MW/min)	Normal Minimum To Full Load (MW/min)	Emergency Minimum To Full Load (MW/min)
Baldwin 1	588	280	450	1	4	5
Baldwin 2	588	250	450	1	4	5
Baldwin 3	602	150	150	2	5	5
Baldwin Station	1778	680	1050	4	13	15
Havana 1-5	242	0	35	5	5	5
Havana 6	448	0	73	3	4	10
Havana Station	690	0	108	8	9	15
Hennepin 1	76	0	22	1	1	1
Hennepin 2	225	64	64	2	2	2
Hennepin Station	301	64	86	3	3	3
Vermillion 1	77	0	22	0.5	1	1.5
Vermillion 2	105	0	26	0.5	1	1.5
Vermillion Station	182	0	48	1	2	3
Wood River 1-3	133	0	40	3	3	3
Wood River 4	99	0	30	1	1	2
Wood River 5	362	115	115	2.5	2	3
Wood River Station	594	115	185	6.5	6	8
Fossil Steam Plants Total	3545	859	1477	22.5	33	44
Oglesby 1-4	63	0	N/A	N/A	N/A	N/A
Stallings 1-4	89	0	N/A	N/A	N/A	N/A
Tilton 1-4	188	0	N/A	N/A	N/A	N/A
Vermillion GT	12	0	N/A	N/A	N/A	N/A
Combustion Turbines Total	352					
System Total	897					

(TABLE CONTINUED)

	Start-up Time to Normal Minimum			Minimum Down Times	
	Hot (hours)	Cold (hours)	Cycling Unit	For Econ. Shut-down(hours)	Minimum Operating Time (hours)
Baldwin 1	14	26			
Baldwin 2	14	26			
Baldwin 3	7	12			
Baldwin Station					
Havana 1-5					
Havana 6	1.5	10	X	6	6
Havana Station					
Hennepin 1	2	8	X	6	6
Hennepin 2	6	10			
Hennepin Station					
Vermillion 1	3	6	X	6	6
Vermillion 2	3	6	X	6	6
Vermillion Station					
Wood River 1-3					
Wood River 4	4	7	X	6	6
Wood River 5	5	14			
Wood River Station					

Fossil Steam Plants Total				
Oglesby 1-4	10 Min.	10 Min.	X	1
Stallings 1-4	15 Min.	15 Min.	X	1.5
Tilton 1-4	10 Min.	10 Min.	X	1
Vermillion GT				
Combustion Turbines Total				
System Total				

Notes and additional limitations:
Ramp rates may be further limited at times by stack opacity. Wood River 5 minimum load requires reduction of steam pressure.
Havana 6 emergency ramp rate requires a minimum of 2 coal mills in operation. No more than one start up per day on cycled steam units.
Baldwin 1 and 2 and Havana minimum loads may change after gaining experience with SCR operation.

APPENDIX 4

FORM OF GUARANTY

This Guaranty Agreement (the "Guaranty") is made on this ____ day of _____, 2004 by _____, a _____corporation ("Guarantor") in favor of _____ ("Beneficiary"), a _____ corporation in consideration of the Beneficiary extending credit to _____ ("Debtor").

WHEREAS, Beneficiary and Debtor have entered into or are anticipating entering into a Power Purchase Agreement (the "Agreement");

WHEREAS, Debtor is a wholly owned subsidiary of the Guarantor.

WHEREAS, as a condition of such Agreement, Beneficiary is requiring Guarantor to enter into this Guaranty; and

WHEREAS, as part of the Agreement, the Beneficiary will be extending credit to the Debtor, and Guarantor wishes to provide this Guaranty to the Beneficiary as part of Debtor's consideration for such Transactions and to induce the Beneficiary to extend credit to the Debtor.

NOW THEREFORE, in order to satisfy the aforementioned condition of the Agreement, and further, in order for Guarantor to obtain benefits resulting from Beneficiaries performance pursuant to the Agreement, Guarantor desires to enter into this Guaranty and hereby agrees as follows:

1. Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to the Beneficiary, subject to the terms and conditions contained herein, the prompt payment when due of all sums hereafter owed by Debtor to Beneficiary under the terms of the Agreement (such obligations are herein referred to as the "Agreement Obligations"); provided, however, that the Guarantor's maximum financial obligation under this instrument is limited to $_____. The Agreement Obligations are deemed to include, without limitation, interest and any other charges due and payable, such as late fees, service charges, cover costs or liquidated damages

2. Amendments. No amendment of this Guaranty shall be effective unless signed by Guarantor and Beneficiary. No waiver by Beneficiary of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

3. Addresses for Notices. All notices and other communications provided for hereunder shall, unless otherwise specifically provided elsewhere herein, (i) be in writing and shall be addressed to the parties at their respective addresses set forth below or at such other addresses as shall be designated in a written notice to the other party, and (ii) when mailed, be effective five (5) business days after being deposited in the U.S. mail, registered or certified, return receipt requested, postage prepaid, or, in the case of personal delivery, when delivered at the following addresses:

if to the Guarantor:	[insert notice address]
if to Debtor:	[insert notice address]
if to Beneficiary:	[insert notice address]

4. Non-waiver of Claim or Defense Under the Agreement. Nothing contained herein shall constitute a waiver, discharge or release of any claim or defense, whether it or they be at law, equity or otherwise, that the Guarantor or Debtor has, or at any other time hereafter, will have against Beneficiary with respect to, or relating in any way, to (i) Beneficiary's performance under the Agreement or (ii) Guarantor's or Debtor's obligation to pay the Agreement Obligations. In the event and for the duration that Guarantor assumes the Agreement Obligations, Guarantor shall be entitled to and enjoy all the rights, defenses and benefits to which Debtor is entitled or may become entitled under the Agreement, other than defenses expressly waived by the Debtor in the Agreement or otherwise waived in this Guaranty. Further, this Guaranty shall be absolute and unconditional irrespective of any lack of validity or enforceability of or defect or deficiency in the Agreement or any other documents executed in connection with the Agreement.

5. Limitations. Notwithstanding any other provision of this Guaranty, Guarantor shall not be liable for consequential, incidental, exemplary, equitable, loss of profits, punitive, or tort damages. This Guaranty shall constitute a guarantee of payment and not of collection. Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations, and Guarantor shall have no obligation to buy, sell, deliver, supply or transport gas, electricity or any other commodity under the Agreement.

6. Payment. Guarantor agrees to be held responsible for the Agreement Obligations, and agrees to pay the Agreement Obligations upon the failure by the Debtor to make any payments that are due and payable at any time.

7. Subrogation. Guarantor shall be subrogated to all rights of Beneficiary against Debtor upon payment or satisfaction of all Agreement Obligations owing to Beneficiary.

8. Effect of Certain Events. Guarantor agrees that Guarantor's liability hereunder will not be released, reduced or impaired by the occurrence of any one or more of the following events:

a. the insolvency, bankruptcy, reorganization, release, receivership or discharge of Debtor; or

b. the renewal, consolidation, extension, modification or amendment from time to time of the Agreement.

9. Waiver. Guarantor hereby waives notice of acceptance of this Guaranty, creation or change of the amount of the Agreement Obligations, dishonor, nonpayment, protest and presentment.

10. Term. This Guaranty shall remain in full force and effect until _____, or the Guarantor may, by providing ten (10) days prior written notice to Beneficiary, earlier terminate this Guaranty; provided that this Guaranty shall remain in full force and effect after either such expiration or termination with respect to all Agreement Obligations incurred prior thereto, until such Agreement Obligations have been fully satisfied, performed and discharged.

11. Successors and Assigns. This Guaranty shall inure to the benefit of Beneficiary, its successors assigns and creditors. The Beneficiary shall have the right to assign this Guaranty to any person or entity without the prior consent of the Guarantor; provided, however, that no such assignment shall be binding upon the Guarantor until it receives written notice of such assignment from the Beneficiary. The Guarantor may assign its obligations under this Guaranty only with the prior written consent of Beneficiary, which shall not be unreasonably withheld. Any reasonable uncertainty on the part of the Beneficiary concerning the ability on the part of any potential assignee of the Guarantor to

carry out the Guarantor's obligations hereunder shall be considered a reasonable basis for withholding consent, unless and until the potential assignee can reasonably satisfy the Beneficiary that the assignee is capable of performing the obligations of the Guarantor hereunder.

12. Governing Law and Jurisdiction. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK UNLESS OTHERWISE PROVIDED HEREIN.

13. Headings. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this ____ day of _____, 2004.

GUARANTOR

[insert Guarantor's legal name]

By: _____

Title: _____

APPENDIX 5

SAMPLE CALCULATION OF CHARGES

(See attached.)

SEMI-MONTHLY BILLING STATEMENT (SAMPLE 1)

	Date of Statement	15-Jul-05			
	Covers Schedules for July 1 through July 15				
(A)	one-half of the monthly charge for Tier 1 Capacity				$5,600,000.00
	one-half of the monthly charge for Negotiated Tier 2 Capacity				$200,000.00
(B)	total MWh of Tier 1 Energy in the Daily Energy Schedules	517,150	MWh		$15,514,500.00
(C)	price for any Negotiated Tier 2 Energy total MWh for any Tier 2 Energy	0	MWh		$ -
	Total Amount Due from IP to DYPM as a Semi-Monthly Payment for the first through fifteenth days of the month				$21,314,500.00

SEMI-MONTHLY BILLING STATEMENT (SAMPLE 2)-

	Date of Statement	31-Jul-05			
	Covers Schedules for July 16 through July 31				
(A)	one-half of the monthly- charge for Tier 1 Capacity				$5,600,000.00
	one-half of the monthly charge for Negotiated Tier 2 Capacity				$200,000.00
(B)	total MWh of Tier 1 Energy in the Daily Energy Schedules	505,700	MWh		$15,171,000.00
(C)	price for any Negotiated Tier 2 Energy				
	total MWh for any Tier 2 Energy	0	MWh		$ -
	Total Amount Due from IP to DYPM as a Semi-Monthly Payment for the sixteenth through last days of the month				$20,971,000.00

TRUE-UP BILLING STATEMENT (SAMPLE)

Date of Statement 15-Aug-05

Covers Schedules for July 1 through July 31

(i)	Tier 1 Capacity		2800	MW	
	Negotiated Tier 2 Capacity		300	MW	
(ii)	Tier 1 Energy		992,400	MWh	
	Negotiated Tier 2 Energy		0	MWh	
	Supplemental Energy		31,959	MWh	
	Overscheduled Energy		7,025	MWh	
	Underscheduled Energy		17,559	MWh	
(iii)	Scheduled Energy 1,022,850 MWh				
(iv)	Reliability Dispatch Energy				
	Incremental Energy		0	MWh	
	Decremental Energy		0	MWh	
(v)	Tier 1 Capacity Price		4.00	$/kW-month	
	Negotiated Tier 2 Capacity Price		1.33	$/kW-month	
	Tier 1 Energy Price		30.00	$/MWh	
	Negotiated Tier 2 Energy Price		-	$/MWh	
	Supplemental Energy Price		30.00	$/MWh	
(vi)	Daily On-Peak Index see data on hourly sheets				
	PJM Hourly On-Peak Price	see data on hourly sheets			
	Shaped Daily On-Peak Index	see data on hourly sheets			
(vii)	LMP does not exist at this point				
(viii)	Charges for Tier 1 Capacity				$11,200,000.00
	Charges for Tier 1 Energy				$29,771,970.00
(ix)	Charges for Negotiated Tier 2 Capacity				$ -
	Charges for Negotiated Tier 2 Energy				$ -
(x)	Charges for Supplemental Energy $958,769.70				
(xi)	Charges or surcharges for Underscheduled Energy				$672,551.80
(xii)	Surcharges relating to Overscheduled Energy $106,349.25				
(xiii)	Reliability Compensation				$ -
(xiv)	Charges or credits for Congestion Costs				$ -

TRUE-UP BILLING STATEMENT (SAMPLE)

Date of Statement 15-Aug-05

Covers Schedules for July 1 through July 31

(xv)	Credits for replacement Capacity or Energy obtained by IP	$ -
(xvi)	Congestion Costs and Transmission Losses from Alternative Resource deliveries	$ -
(xvii)	FTR FFR benefits from MISO to IP	$ -
(xviii)	FTR FFR obligations on IP from MISO	$ -
(xix)	Administrative charges on IP from MISO	$ -
(xx)	Total amount of Semi-Monthly Payments made	$42,285,500.00
(xxi)	Net payment/(credit) due from IP/DYPM $424,140.75	

APPENDIX 6

UNMETERED ENERGY AMOUNTS

BALDWIN

IP ASSET	USAGE COMPONENT	A	B	C = (A x B)	D = C/1000	E	F	G = D x E x F
		#	ACTUAL VOLTS	ACTUAL AMPS	TOTAL WATTS	KW	ESTIMATED RUN HOURS PER YEAR	3-PHASE FACTOR	KWH USED PER YEAR
Tie Transformer #4:	Fans	40	466	0.5	9,320	9.3	2880	1.73	46,436
	Oil Pumps	4	466	3.5	6,524	6.5	2880	1.73	32,505
345 KV Breakers: (4556, 4560)	Heaters	2	202	1.2	485	0.5	8760	1.73	7,347
	Compressor Motor	2	202	7.2	2,909	2.9	12	1.73	60
345 KV Breakers: (4564, 4592, 4576 4572, 4568, 4588 4584, 4580)	Heaters @ 150W	8			1,200	1.2	1286	1.73	2,670
	Heaters @ 350W	8			2,800	2.8	1286	1.73	6,229
	Heaters @ 180W	16			2,880	2.9	1286	1.73	6,407
	Heaters @ 500W	24			12,000	12.0	1286	1.73	26,697
	Compressor Motor	8	197	37.6	59,258	59.3	12	1.73	1,230
138 KV Breakers: (B400, 1632, 1526)	Heaters @ 160W	6			960	1.0	1286		1,235
	Compressor Motor	3	197	9.5	5,615	5.6	12		67
Switchyard Building:	Station Batteries Charge	1	197	7	1,379	1.4	8760	1.73	20,898
	Air Conditioners	2	197	14.4	5,674	5.7	3285	1.73	32,243
	Heaters @ 5000W	3			15,000	15.0	3285	1.73	85,246
	Lighting @ 80W	18			1,440	1.4	200	1.73	498
	Comm/Super Equipment	1				2.0	8760	1.73	30,310
Switchyard Lighting:	Lights @ 1000W	72			72,000	72.0	200		14,400
		218							314,480

HAVANA

IP ASSET	USAGE COMPONENT	#	ACTUAL VOLTS	ACTUAL AMPS	TOTAL WATTS	KW	ESTIMATED RUN HOURS PER YEAR	KWH USED PER YEAR
		A		B	C = (A x B)	D = C/1000	E	F = D x E
138 KV Breakers: (1302, 1422, 1406, 1352, 1362, 1356)	Heater 1	6	236	2	2,832	2.8	1286	3,642
	Heater 2	6	236	2	2,832	2.8	1286	3,642
	Heater 3	6	236	2	2,832	2.8	8760	24,808
	Compressor Motor	6	236	7.3	10,337	10.3	12	124
		24						32,216

HENNEPIN

IP ASSET	USAGE COMPONENT	#	A NAMEPLATE VOLTS	B NAMEPLATE AMPS	C = (A x B) TOTAL WATTS	D = C/1000 KW	E ESTIMATED RUN HOURS PER YEAR	F 3 - PHASE FACTOR	G = D x E x F KWH USED PER YEAR
Tie Transformer #1	Fans	28	196	1.2	6,586	6.6	2535	1.73	28,881
	Oil Pumps	4	196	13.6	10,662	10.7	2535	1.73	46,760
	Heater	1	112	1.8	202	0.2	8760		1,766
Tie Transformer #2	Fans	28	196	1.2	6,586	6.6	2535	1.73	28,881
	Oil Pumps	4	196	13.6	10,662	10.7	2535	1.73	46,760
	Heater	1	112	1.8	202	0.2	8760		1,766
138 KV Breakers: (1302, 1552, 1512, 1516, 1556, 6101)	Heaters	12	225	1.6	4,320	4.3	8760		37,843
	Compressor Motor	6	225	4.6	6,210	6.2	12		75
34 KV Breakers:(3401, T380, T340, 3422)	Heaters	4	240	1.3	1,248	1.2	8760		10,932
	Heaters	4	240	1.3	1,248	1.2	1286		1,605
	Compressor Motor	4	240	3.7	3,552	3.6	12		43
		96							205,314

TILTON

IP ASSET	USAGE COMPONENT	#	A	B	C = (A x B)	D = C/1000	E	F = D x E
			NAMEPLATE VOLTS	NAMEPLATE AMPS	TOTAL WATTS	KW	ESTIMATED RUN HOURS PER YEAR	KWH USED PER YEAR
138 KV Breakers: (1324, 1328, 1320, 1316)	Heaters	4	248	2.5	2,480	2.5	8760	21,725
	Tank Heaters	24	120	10.42	30,010	30.0	720	21,607
	Compressor Motor	4	248	10	9,920	9.9	12	119
		32						43,451

WOOD RIVER

IP ASSET	USAGE COMPONENT	#	A ACTUAL VOLTS	B ACTUAL AMPS	C = (A x B) TOTAL WATTS	D = C/1000 KW	E ESTIMATED RUN HOURS PER YEAR	F 3-PHASE FACTOR	G = D x E x F KWH USED PER YEAR
Tie Transformer #1	Cooler 1	1	240	16.5	3,960	4.0	8760	1.73	60,013
	Cooler 2	1	240	15.5	3,720	3.7	438	1.73	2,819
	Strip Heaters	2	120	1.9	456	0.5	8760		3,995
Tie Transformer #2	Cooler 1	1	240	45	10,800	10.8	8760	1.73	163,672
	Cooler 2	1	240	45	10,800	10.8	438	1.73	8,184
	Strip Heaters	2	240	2	960	1.0	8760		8,410
138 KV Breakers: (1302, 1306, 1310, 1436, 1452, 1456, 1502, 1506)	Heater 1	8	240	3.3	6,336	6.3	1286		8,148
	Heater 2	8	240	6.3	12,096	12.1	1286		15,555
	Heater 3	8	240	1.2	2,304	2.3	8760		20,183
34.5 KV Breakers: (710, 720, 730, 3406, 3410, 3474, 3475)	Compressor Motor	7	240	7.4	12,432	12.4	12		149
	Compressor Heater	7	240	0.7	1,176	1.2	1286		1,512
	Heater 1	7	240	0.7	1,176	1.2	8760		10,302
	Heater 2	7	240	0.7	1,176	1.2	1286		1,512
	Heater 3	7	240	0.7	1,176	1.2	1286		1,512
	Interrupter Heater	7	240	14	23,520	23.5	500		11,760
34.5 KV Breaker: (3402)	Hydraulic Pump	1	240	6.3	1,512	1.5	12		18
	Heater 1	1	240	0.7	168	0.2	8760		1,472
	Heater 2	1	240	2	480	0.5	1286		617
	Heater 3	1	240	1.5	360	0.4	1286		463
Pole Lights	Pole Lights	60	120	8.333	59,998	60.0	730		43,798
		138							364,094

VERMILION

IP ASSET	USAGE COMPONENT	#	A ACTUAL VOLTS	B ACTUAL AMPS	C = (A x B) TOTAL WATTS	D = C/1000 KW	E ESTIMATED RUN HOURS PER YEAR	F 3-PHASE FACTOR	G = D x E x F KWH USED PER YEAR
Tie Transformer #1	Fans	72	217	1.5	23,436	23.4	2880	1.73	116,768
Tie Transformer #2	Fan Banks	3	425	12	15,300	15.3	8760	1.73	231,868
	Oil Pumps	3	425	7	8,925	8.9	8760	1.73	135,257
138 KV Breakers: (1306, 1330, 1326, 1332, 1314, 1318)	Heater Set	1	217	8	1,736	1.7	8760		15,207
	Compressor Motor	1	217	4	868	0.9	12		10
	Heaters	4	217	2	1,736	1.7	8760		15,207
	Compressor Motor	1	217	4	868	0.9	12		10
	Heaters	4	217	2	1,736	1.7	8760		15,207
	Hydraulic Winding Motor	2	217	8	3,472	3.5	1		3
	Heaters	6	217	3	3,906	3.9	8760		34,217
	Heaters	12	217	1	2,604	2.6	8760		22,811
69 KV Breakers: (620, 612, 624, 628 608, 604, 632)	Hydraulic Winding Motor	4	217	8	6,944	6.9	1		7
	Heaters	6	217	1	1,302	1.3	8760		11,406
	Compressor Motor	2	217	7	3,038	3.0	12		36
	Heaters	3	217	1.3	846	0.8	8760		7,414
	Compressor Motor	1	217	3	651	0.7	12		8
		125							605,437

[EXHIBIT E TO SPA]

EASEMENT AND FACILITIES AGREEMENT TERMS

The Easement and Facilities Agreement between all necessary parties will, together with such other terms and conditions mutually acceptable to the parties, contain provisions addressing the following matters:

o Granting (or amending) easements to provide IPC sufficient rights in respect of the Generation Assets to access, locate, operate, repair, maintain, remove, replace and alter certain existing facilities and equipment of IPC used in connection with IPC's Business (the "Facilities").

o Granting (or amending) easements for the use of common facilities (ground grid, conduits, retention ponds, spill prevention systems, parking).

o Identification of the party (or parties) responsible for operating, maintaining, repairing and altering the common facilities for the benefit of both parties.

o Procedure for allocating costs between the parties (and billing and payment terms) of operating and maintaining common facilities.

o Dispute resolution procedures; Injunctive relief.

o General covenant to cooperate with each other.

o Covenant of further assurances.

o Allocating risk of environmental liability arising out of the use of the Generation Assets and the easement property, including indemnification, release and insurance therefore.

[EXHIBIT F TO SPA]

BLACK START SERVICE AGREEMENT

BY AND BETWEEN

ILLINOIS POWER COMPANY AND

DYNEGY MIDWEST GENERATION, INC.

DATED AS OF _____, 2004

BLACK START SERVICE AGREEMENT
BY AND BETWEEN
ILLINOIS POWER COMPANY AND
DYNEGY MIDWEST GENERATION, INC.

This Black Start Service Agreement is entered into as of the day of , 2004, by and between Illinois Power Company, an Illinois corporation ("Illinois Power"), and Dynegy Midwest Generation, Inc., an Illinois corporation ("DMG"), for the purpose of DMG providing Black Start Service to Illinois Power for purposes of system re-energization and restoration following a system-wide blackout on the Illinois Power T&D System.

W I T N E S S E T H:

WHEREAS, Illinois Power is the owner and operator of the Illinois Power T&D System;

WHEREAS, DMG is the owner and operator of certain fossil-fueled generating units that are listed on Schedule A which have the capability to be started without taking electric energy from the Illinois Power T&D System;

WHEREAS, such DMG generating units are interconnected to the Illinois Power T&D System;

WHEREAS, Illinois Power desires to have DMG provide Black Start Service for purposes of the re-energization and restoration of the Illinois Power T&D System following a system-wide blackout on the Illinois Power T&D System and DMG desires to provide such Black Start Service;

WHEREAS, Illinois Power and DMG have agreed to execute this Agreement in order to establish the terms and conditions DMG's provision of Black Start Service to Illinois Power.

NOW, THEREFORE, in consideration of the mutual representations, covenants, and agreements hereinafter set forth, and intending to be legally bound hereby, Illinois Power and DMG covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND USAGES

1.1 Definitions. Whenever used with initial capitalization in this Agreement, the following terms shall have the following meanings:

"Agreement" shall mean this Black Start Service Agreement between Illinois Power and DMG, including all Schedules attached hereto, and any amendments hereto or thereto.

"ADR" shall mean Alternative Dispute Resolution.

"Applicable Laws and Regulations" shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

"Black Start Capable" shall mean an electric generating unit that is capable of being started without electrical energy being supplied from the Illinois Power Transmission System or the Illinois Power Distribution System.

"Black Start Service" shall mean the services provided by DMG to Illinois Power under the terms of this Agreement to deliver electric energy to Illinois Power at the Interconnection Point(s) following a Blackout.

"Blackout" shall mean a total or partial loss or interruption of electric power on the Illinois Power T&D System that requires the delivery of electric energy from one or more of the Units to restart Designated Generation Resources to re-energize and restore the Illinois Power T&D System to normal operating condition.

"Breaching Party" shall have the meaning assigned to such term in Section 11.2 of this Agreement.

"Claim" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Confidential Information" means any plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party regardless of whether such Confidential Information is conveyed orally, electronically, in writing, through inspection, observed by either Party while visiting the premises of the other Party, or otherwise deduced by the other Party.

"Default" shall have the meaning assigned to such term in Section 11.2 of this Agreement.

"Designated Generation Resource" shall mean the coal-fired generating unit listed on Schedule A as being the generating resource to be started with electric energy supplied by the applicable Unit or Units.

"Designated Transmission Path" shall mean the direct transmission circuit between the Interconnection Point for the applicable Unit(s) and the Designated Generation Resource as listed on Schedule A.

"DMG" shall have the meaning assigned to such term in the first paragraph hereof.

"Effective Date" shall mean the date on which this Agreement becomes effective in accordance with Section 2.1.

"Emergency" shall mean a condition or situation: (i) that in the reasonable judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Illinois Power, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the T&D System, the Illinois Power Interconnection Facilities or the transmission systems of others to which the Illinois Power T&D System is directly connected; or (iii) that, in the case of Producer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Facility or Facilities. Any condition or situation that results from a lack of sufficient generating capacity to meet load requirements or that results from economic conditions shall not constitute an Emergency unless one of the conditions or situations identified in this definition as constituting an Emergency also exists independently.

"Facility" or "Facilities" shall mean the Units and the generation-related assets used, owned and/or leased by DMG in connection with the Units and shall include such generation-related assets acquired by DMG after the Effective Date for use in connection with the Units.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor to the authority thereof.

"Force Majeure" shall mean an event or occurrence or circumstance beyond the reasonable control of and without the fault or negligence of, and that could not have been avoided by reasonable foresight and/or diligence by, the Party claiming Force Majeure, including, but not limited to, acts of God, labor dispute (including strike), flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, acts of public enemy, or explosion, which, in any of the foregoing cases, by the exercise of due diligence, including the taking of actions in accordance with Good Utility Practice, such Party is unable to overcome, and which wholly or in part prevents such Party from performing its obligations under this Agreement. Mere economic hardship of a Party does not constitute Force Majeure.

"Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice shall include, but not be limited to, compliance with Applicable Laws and Regulations, Applicable Standards, the National Electric Safety Code, and the National Electrical Code, as they may be amended from time to time, including the criteria, rules and standards of any successor organizations.

"Governmental Authority" shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide.

"ICC" shall mean the Illinois Commerce Commission or any successor to the authority thereof.

"Indemnified Party" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Indemnifying Party" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Illinois Power" shall have the meaning assigned to such term in the first paragraph hereof.

"Illinois Power Distribution System" shall mean the facilities owned, controlled, or operated by Illinois Power, either jointly or individually, for the purposes of providing distribution services.

"Illinois Power Transmission System" shall mean the facilities owned, controlled, or operated by Illinois Power, either jointly or individually, for purposes of providing point-to-point or network transmission service under the OATT or the tariffs of an RTO.

"Illinois Power T&D System" shall mean the Illinois Power Transmission System and the Illinois Power Distribution System, collectively.

"Interconnection Points" are the points at which the DMG's ownership of its Facilities ends and Illinois Power's ownership of the Illinois Power T&D System begins, and where electric energy generated by the Units is delivered to the Illinois Power T&D System, as indicated on the one-line diagram attached as Schedule B and described in Schedule C.

"MAIN" shall mean the Mid-America Interconnected Network, a regional reliability governing body, or any successor to the authority thereof.

"NERC" shall mean North American Electric Reliability Council or any successor to the authority thereof.

"Net Electric Output" shall mean the total output of electric energy of each Unit identified in Schedule A, net of the auxiliary electric load of the applicable Facility, including transformer and other losses.

"Non-Breaching Party" shall have the meaning assigned to such term in Section 11.2 of this Agreement.

"OATT" shall mean Illinois Power's Open Access Transmission Tariff, on file with FERC, as it may be amended or superseded from time to time, under which transmission service is provided by or for Illinois Power over the Illinois Power T&D System, or any future transmission tariff on file with FERC governing transmission service over the Illinois Power T&D System, including, but not limited to, an RTO transmission tariff.

"Parties" shall mean Illinois Power and DMG collectively.

"Party" shall mean Illinois Power and DMG individually.

"Permitted Recipient" shall have the meaning assigned to such term in Section 14.3.

"Restoration Plan" shall have the meaning assigned to such term in Section 3.5.

"RTO" shall mean the regional transmission organization, if any, that assumes responsibility for operating the transmission systems of its transmission-owning members, including Illinois Power.

"Schedule" shall mean any of the schedules, designated as Schedule A, B, C, or D attached to this Agreement and which are incorporated herein by reference.

"Transmission Providers" shall mean those entities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce and are subject to the requirements of FERC Order No. 888, as amended, either by operation of law or voluntary submission to its requirements.

"Transmission Operator" shall mean the persons or entity designated by Illinois Power who coordinate the interconnection of the Facilities with the Illinois Power T&D System.

"Units" shall mean those Black Start Capable fossil-fueled generating units listed on Schedule A.

1.2 Interpretation. The following terms and conditions shall apply in any interpretation and construction of this Agreement.

1.2.1 Unless preempted by federal law, this Agreement, and the legal relations between the Parties with respect to this Agreement, shall be performed, interpreted and enforced in accordance with internal laws of the State of Illinois without regard to rules concerning conflicts of law that would direct the application of the laws of any other jurisdiction.

1.2.2 This Agreement shall be deemed to be the separate black start agreement referred to in Section 7.5 of the Interconnection Agreement by and between the Parties dated November 30, 2000.

1.2.3 This Agreement sets forth the entire understanding and agreement of the Parties as to the subject matter of this Agreement and merges and supersedes all prior written and oral understandings, offers, agreements, commitments, representations, writings, discussions or other communications of every kind between the Parties pertaining to Black Start Service and any such prior agreements, understandings, offers, agreements, commitments, representations, writings, discussions or other communications shall not be used in interpreting or construing this Agreement.

1.2.4 This Agreement may be amended or modified only by a writing executed by the authorized representatives of both Parties. Any purported amendment or modification that is not in writing and so executed shall be null and void from its inception.

1.2.5 No provision, condition or requirement of this Agreement may be waived except by mutual agreement of the Parties as expressed in writing and signed by both Parties. No waiver by either Party of the performance of any provision, condition or requirement herein shall be interpreted, construed or deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirement herein; nor shall it be interpreted, construed or deemed to be a waiver of, or in any manner release the other Party from future performance of the same provision, condition, or requirement; nor shall any delay or omission of a Party in exercising any right hereunder in any manner impair the exercise of any such right or any like right accruing to it thereafter.

1.2.6 The headings, captions and titles of this Agreement are inserted for convenience only and shall not be deemed part thereof or be taken into consideration in the interpretation or construction of this Agreement.

1.2.7 Whenever used herein the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

1.2.8 Wherever in this Agreement provision is made for a communication to be "written" or "in writing" this means any hand-written, typewritten or printed communication, including telex, cable and facsimile transmission, provided in accordance with Article 17.

1.2.9 Wherever in this Agreement provision is made for the giving of notice, consent or approval by any person, such notice, consent or approval shall be in writing and the word "notify" shall be construed accordingly, unless the text specifically allows or requires the notice, consent or approval to be given in a form other than writing.

1.2.10 References to day or days are references to calendar days, and unless otherwise noted, specifically include weekends, holidays, or other non-work days.

1.2.11 A reference to an Article, Section, Paragraph or Schedule is, unless otherwise noted, to an Article, Section, Paragraph or Schedule of or to this Agreement.

1.2.12 A reference to any agreement or document is to that agreement or document (including attachments, exhibits and schedules thereto and, where applicable, any of its provisions) as amended, novated, supplemented, assigned or replaced.

1.2.13 A reference to any Party to this Agreement includes its permitted substitutes, successors and assigns.

1.2.14 Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

1.2.15 References to "include" and "including" shall be construed as "include, without limitation" and "including, without limitation."

1.2.16 A reference to any statute, regulation, proclamation, ordinance, or order includes all statutes, regulations, proclamations, ordinances, or orders varying, consolidating, or replacing such statute, regulation, proclamation, ordinance, or order and a reference to a statute includes all regulations, proclamations, ordinances, and orders issued under that statute.

1.2.17 A reference to any authority, association or body whether statutory or otherwise shall, in the event of any such authority, association or body ceasing to exist or being reconstituted, renamed or replaced or the powers or functions thereof being transferred to any other authority, association or body, be deemed to refer respectively to the authority, association or body established or constituted in lieu thereof or as nearly as may be succeeding to the powers or functions thereof.

1.2.18 All Schedules referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of any exhibit, schedule or other documents referenced herein, the terms and conditions of this Agreement shall govern and control.

1.2.19 If any provision of this Agreement is held to be illegal, invalid, or unenforceable and such invalidity or unenforceability does not have a material and substantial negative impact on the rights, duties and obligations of either Party hereto (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, (i) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and as may be legal, valid, and enforceable and (ii) such illegality, invalidity or unenforceability shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement nor the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

1.2.20 This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties, and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution of this Agreement.

ARTICLE 2
EFFECTIVE DATE; TERM; REGULATORY FILING

2.1 Effective Date. This Agreement shall be effective on _____ , 2004, subject to acceptance by the FERC.

2.2 Term. This Agreement shall continue in effect until the earlier of December 31, 2006 or termination:

(i) pursuant to Article 12; or

(ii) upon mutual agreement of the Parties. Any termination under this Section 2.2 shall not take effect until FERC either authorizes any request for termination of this Agreement in accordance with its terms or accepts a written notice of termination.

2.3 Regulatory Filing. Following its execution by the Parties, DMG shall file this Agreement with FERC as required by the Federal Power Act. To the extent deemed necessary by Illinois Power, Illinois Power may file this Agreement with the ICC following its execution by the Parties. The Parties agree to reasonably cooperate with each other with respect to such filing and provide any information, including the filing of testimony, reasonably required by the filing Party to comply with applicable filing requirements.

ARTICLE 3
BLACK START SERVICE

3.1 Purpose of Service. The Parties acknowledge and agree that the purpose of this Agreement is solely to provide to Illinois Power at the Interconnection Points the electric energy necessary to start the Designated Generation Resources following a Blackout and that Producer is assuming no obligations with respect to the Units the Designated Generation Resources or otherwise except as expressly set forth in this Agreement.

3.2 Service Provided. Subject to the terms and conditions of this Agreement, DMG shall provide Illinois Power with Black Start Service from the Units at the applicable Interconnection Points for the term of this Agreement.

3.3 Other Service Excluded. Black Start Service as provided for in this Agreement shall not include any other generating, capacity or ancillary services, and the provision of any such services by DMG to Illinois Power shall be pursuant to the terms and conditions of a separate agreement (s) for such service(s).

3.4 No Fees or Charges. DMG shall have no obligation to pay Illinois Power any wheeling or other fees, charges or compensation for electric power and/or energy transferred through Illinois Power's equipment or facilities pursuant to this Agreement, and Illinois Power waives any right it might otherwise have to collect such charges.

3.5 Restoration Plan. Illinois Power shall develop a plan, consistent with the terms and conditions set forth in this Agreement, including procedures and sequencing of actions and studies, modeling or simulations to confirm same, for re-energization and restoration of the Illinois Power T&D System to normal operation following a Blackout in consultation with DMG ("Restoration Plan"). Such Restoration Plan shall not obligate Producer to any service or requirements of Black Start Service over and above those set forth in this Agreement. Upon finalization of the Restoration Plan, Illinois Power shall provide DMG a copy of the Restoration Plan, including any studies, modeling or simulations performed in development of the Restoration Plan. The Restoration Plan shall become effective thirty (30) days after its receipt by DMG; provided, however, if the

Restoration Plan requires substantial retraining of DMG personnel to implement, such Restoration Plan shall become effective upon completion of such training.

3.6 Restoration Plan Requirements. Both Parties acknowledge and agree that DMG acquired the Units from Illinois Power and that, as of the Effective Date, the capabilities of the Units have not been tested, studied or modeled to determine the capabilities of the Units under conditions requiring Black Start Service. Consequently, the Parties agree that the following requirements shall be reflected in the Restoration Plan.

3.6.1 Because the Units are not designed to, or capable of, maintaining voltage and frequency on the Illinois Power T&D System by themselves, Illinois Power shall ensure that the Designated Transmission Path:

(i) is de-energized and free of any faults prior to issuing any instructions to DMG pursuant to Article 5;

(ii) permits a no load voltage of .95 per unit to be maintained by the Unit(s) at the Designated Generation Resource;

(iii) has only that minimum load connected to it as is necessary to maintain stability on the Designated Transmission Path once a Unit(s) has begun delivering electric energy to an Interconnection Point(s) on the Designated Transmission Path; and

(iv) is the lowest impedence transmission path to the applicable Designated Generation Resource.

3.6.2 Each Unit will deliver its Net Electric Output to the applicable Interconnection Point. Except as permitted pursuant to Paragraph 3.6.1(iii) above, a Unit will not be required to pick up any load other than the auxiliary electric load of the applicable Facility, including transformer and other losses, and starting loads of the Designated Generation Resource(s). Furthermore, the Unit(s) and the Facilities shall not be responsible for (i) re-energizing and/or restoring the Illinois Power T&D System to normal operating condition, (ii) maintaining voltage and frequency on the Illinois Power T&D System, (iii) picking up Illinois Power native load, or (iv) restoring transmission paths and interties with other electric transmission systems. Notwithstanding the immediately preceding sentence, each Unit shall continue to deliver electric energy to the applicable Interconnection Point pursuant to Illinois Power's instructions for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout.

3.6.3 If any Unit is not able to comply with the requirements of the Restoration Plan, the Party becoming aware of such noncompliance shall notify the other Party in writing. Following such notification, the Parties shall make a mutual determination of the Unit's ability to comply with the Restoration Plan regarding this parameter as of the date of the initial Black Start Capability verification test pursuant to Section 4.3 for the Unit. If such determination indicates that a Unit operating parameter did not permit compliance with the Restoration Plan as of the date of such test, the Restoration Plan shall be revised such that the determined capability regarding this parameter as of the date of such test shall become the standard for that Unit in determining compliance with the Restoration Plan. Notwithstanding the foregoing, DMG, consistent with Good Utility Practice, shall not knowingly cause or through degradation allow the Units to become unable to operate in a manner not in compliance with the Restoration Plan.

3.7 Electric Energy Output. Illinois Power shall have sole responsibility for the Net Electric Output of the Unit(s) providing Black Start Service following its delivery to Illinois Power as set forth in Section 5.4 below.

3.8 Compensation for Black Start Service. Illinois Power shall pay DMG for Black Start Service in accordance with Article 6 of this Agreement.

ARTICLE 4
BLACK START REQUIREMENTS AND TESTING

4.1 General. Subject to the terms and conditions of this Agreement, DMG shall demonstrate the capability of each Unit to provide Black Start Service to the Illinois Power T&D System at the applicable Interconnection Point on an annual basis.

4.2 Black Start Capability Requirements. Each Unit shall be required to meet the following criteria.

4.2.1 Each Unit shall have the ability to start within the time specified on Schedule A for that Unit without the input of electric power from another source that requires the delivery of such electric power over the Illinois Power T&D System.

4.2.2 Each Unit shall have the ability to close into a dead (de-energized) bus.

4.2.3 Each Unit shall have specific procedures for the initiation, maintenance and cessation of Black Start Service pursuant to this Agreement on site.

4.3 Black Start Capability Testing. Each Unit shall be tested as required by MAIN to verify that it meets the requirements set forth in Section 4.2 above, but in no event shall such test be less than nine (9) months from the last verification test. At those locations with multiple Units, only one Unit shall be tested annually. If not tested within the prior twelve (12) month period, Black Start Capability verification testing of a Unit(s) shall be conducted by DMG within twelve (12) months of the execution of this Agreement. Black Start Capability tests shall be scheduled by DMG in consultation with Illinois Power; provided, however, DMG shall have the right to final determination of test dates and schedules. Illinois Power shall, at its own expense, have the right to observe the testing of the Units and DMG shall provide Illinois Power notice of each test not less than five (5) business days prior to each initial test and as much notice as practicable of any retest pursuant to Section 4.3.5 below. Illinois Power shall own and have sole responsibility for the electric energy output of the Unit(s) during testing and, unless otherwise agreed by the Parties in advance of the test, shall pay DMG for such testing in accordance with Article 6 of this Agreement; provided, however, DMG shall not be entitled to compensation from Illinois Power for any test that is not successfully completed.

4.3.1 Annual Black Start Capability tests shall, at a minimum, include:

(i) starting and bringing the Unit to synchronous speed without an electrical feed from the Illinois Power T&D System; and (ii) simulating switching needed to connect the Unit to the Interconnection Point following a Blackout.

4.3.2 The ability of a Unit to close into a dead (de-energized) bus as required under Paragraph 4.2.2 above may be demonstrated by opening the breaker on the high side of the Unit's generator step-up transformer and then closing the generator breaker on the low side of the Unit's generator

step-up transformer without the generator breaker tripping open.

4.3.3 If a Unit fails to successfully complete a Black Start Capability test, DMG shall have a seven (7) day grace period within which it may retest the Unit without financial penalty. If the Unit does not successfully complete a new Black Start Capability test within the seven (7) day grace period immediately following a failed Black Start Capability test, DMG shall not be entitled to compensation from Illinois Power for the period from the time of the first unsuccessful test until the Unit successfully completes a Black Start Capability test other than compensation for any test that is successfully completed.

4.3.4 DMG shall provide Illinois Power records of all Black Start Capability tests for each Unit. Such records shall include

for each test:

(i) Unit location;

(ii) Unit name;

(iii) date(s) of the test;

(iv) method used to start Unit (diesel, compressed air, high pressure natural gas, etc.);

(v) duration of the test from start of the test until test terminated, including

(a) time test started (de-energization of all sources of AC power to Unit);

(b) time Unit startup initiated;

(c) time Unit reached nominal voltage and frequency;

(d) time breaker closed to energize equipment or load (if applicable); and

(e) time Unit shut down or test concluded/terminated.

(vi) whether the Unit was able to start without being connected to the Illinois Power T&D System;

(vii) whether the Unit was able to close a circuit breaker into a dead (de-energized) bus, if applicable;

(viii) if a breaker was closed to energize equipment or load, a description of equipment or load energized;

(ix) whether the Unit successfully started;

(x) whether the Unit was able to reach nominal voltage and frequency under no load conditions and capable of supplying power;

(xi) an explanation of the cause(s) of any failed test and corrective actions taken; and

(xii) unless previously provided, a copy of the black start procedures for the Unit.

ARTICLE 5
BLACK START OPERATIONS AND MAINTENANCE

5.1 General. Illinois Power shall operate, maintain and control the Illinois Power T&D System and DMG shall operate, maintain and control the Units:
(i) in a safe and reliable manner; (ii) in accordance with Good Utility Practice; (iii) in accordance with NERC and MAIN operational and/or reliability criteria, protocols, and directives applicable to black start operations; and
(iv) in accordance with this Agreement. Consistent with the proceeding sentence, DMG has sole authority to determine whether and to what extent any Unit is available for operation and the extent and timing of any maintenance of the Units. DMG shall provide to Illinois Power reports concerning Unit maintenance as may be reasonably requested by Illinois Power.

5.2 Request for Black Start Service. Upon notice from Illinois Power of the existence of a Blackout, Illinois Power may request that DMG place the start up and operation of the Units under the control of Illinois Power's dispatcher or its designated representative for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout. Illinois Power's control of a Unit shall be implemented in a manner

consistent with the Restoration Plan, Good Utility Practice, safe operating procedures, the design limits and equipment warranties of the Unit, and Applicable Laws and Regulations, including, but not limited to, the emissions limitations for the Unit as reflected in the Unit's air permit, and DMG shall have no obligation to comply with any operational request of Illinois Power that is not consistent therewith or that would place any Unit at risk. In addition, Illinois Power shall not unduly discriminate between the Units and other generating facilities providing similar service(s) to the Illinois Power T&D System; provided, however, that nothing in this provision shall require Illinois Power to request the start up and operation of a Unit to provide Black Start Service before requesting similar service(s) from other generating facilities connected to the Illinois Power T&D System.

5.3 Initiation of Black Start Service. Subject to the requirements and limitations of Section 5.2 above, DMG shall comply with the operational instructions of Illinois Power's dispatcher or its designated representative related to Black Start Service for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout. Upon receiving instructions to commence Black Start Service from a particular Unit(s), DMG shall use best efforts to man the Unit(s), prepare for black start operations, start the Unit(s) and be ready to commence generation of electric energy within the time specified in Schedule A.

5.4 Re-energization. Upon instructions from Illinois Power, DMG shall commence generation of electric energy with the specified Unit(s) and shall deliver same to the Interconnection Point associated with the Unit in question. Unless otherwise provided in the Restoration Plan, Illinois Power shall be responsible for taking all actions necessary to deliver electric energy generated by the Unit(s) from the Interconnection Point to the Designated Generating Resource over the Designated Transmission Path , including maintaining the Designated Transmission Path in a fault free condition, closing of any breakers on the Illinois Power T&D System and balancing connected load on the Designated Transmission Path to maintain minimum stability thereon during and after startup of the Designated Generating Resource.

5.5 Cessation of Black Start Service. Upon DMG's receipt of notice from Illinois Power's dispatcher or its designated representative that the Illinois Power T&D System has been re-energized and restored to normal operation, DMG shall cease provision of Black Start Service to Illinois Power and resume its normal delivery schedule.

5.6 System Restoration Drills. Each Unit shall participate in any tests or drills initiated by Illinois Power or its designated representative designed to test or simulate restoration of the Illinois Power T&D System following a Blackout. Illinois Power shall coordinate such tests or drills with DMG, and shall use best efforts to schedule such tests or drills in conjunction with the annual Black Start Capability tests required pursuant to Article 4 and when they will not interfere with the normal operation of the Unit(s). Such tests and drills shall be treated as if they were an actual request for Black Start Service by Illinois Power pursuant to Section 5.2 above, and Illinois Power shall pay DMG for such Black Start Service in accordance with Article 6 of this Agreement.

ARTICLE 6
COMPENSATION, BILLING AND PAYMENT

6.1 Compensation. As compensation for DMG Black Start Service pursuant to this Agreement, Illinois Power shall pay DMG the amount calculated pursuant to Schedule D for Black Start Services provided to Illinois Power under this Agreement during the preceding month. In the event that any reference number or amount set forth in Exhibit D is no longer determined or published, DMG and Illinois Power shall mutually agree on the reference to be substituted for such reference number or amount. In addition, Illinois Power shall waive any and all charges under any agreement between Illinois Power and DMG, that DMG may incur

in assisting Illinois Power in restoration of the Illinois Power T&D System following a total or partial blackout on the Illinois Power T&D System.

6.2 Invoices. Within a reasonable time after the first day of each month, DMG shall prepare and promptly deliver to Illinois Power an invoice for Black Start Services provided to Illinois Power under this Agreement during the preceding month. Each invoice shall delineate the month in which the Black Start Services were provided, fully describe the Black Start Services rendered, and be itemized to reflect the Black Start Services performed or provided.

6.3 Payment. Each Black Start Services invoice shall be paid within fifteen (15) days of its receipt by Illinois Power. All payments shall be made by Illinois Power in immediately available funds payable to DMG, or by wire transfer to a bank named and account designated by DMG.

6.4 Payment Disputes. Illinois Power shall have until two (2) years after it receives an invoice to contest in good faith the correctness of any charge on such invoice. If Illinois Power disputes an invoice, or an adjustment thereto, Illinois Power will, if it has not yet paid such invoice, pay the full amount of the invoice, including the disputed portion thereof and immediately provide DMG with notice of the disputed amount and the basis for such dispute. DMG will promptly review the dispute, and will notify Illinois Power of any error in the invoice and refund the amount, if any, that Illinois Power is due as a result of such redetermination. If Illinois Power disagrees with DMG's redetermination, then Illinois Power may submit the matter to senior officers of Illinois Power and DMG for good faith discussion and resolution of the dispute. If such senior officers are unable to resolve the dispute following good faith discussions to do so, then either Party may proceed under to the provisions of Article 16 for purposes of achieving a final resolution of such dispute. DMG will make any refunds required hereunder to Illinois Power no later than the fifteenth (15th) day after the later of: (i) receipt by Illinois Power of such notice of redetermination; (ii) resolution of such dispute by senior officers of Illinois Power and DMG; or (iii) final resolution of such dispute pursuant to Article 16. Refunds by DMG to Illinois Power under this Section 14.4 will include interest from the date of the original payment until the date such refund, together with interest thereon, is made, which interest will accrue at the rate provided for in Section 14.6.

6.5 Waiver. Payment of an invoice shall not relieve Illinois Power from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver by Illinois Power of any claims it may have arising under this Agreement.

6.6 Interest. Interest on any unpaid amounts shall be at a rate equal to two (2) percentage points above the then effective monthly prime commercial lending rate per annum announced by Citibank, NA, New York, New York office, from time to time; provided, that for any period that such rate exceeds any applicable maximum rate permitted by law, the rate shall equal said applicable maximum rate. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt of payment by DMG.

6.7 Default. In the event Illinois Power fails to make payment to DMG on or before the due date, as set forth above, and such failure of payment is not corrected within thirty (30) calendar days after DMG notifies Illinois Power to cure such failure, a default by said Party shall be deemed to exist and the provisions of Article 11 shall apply.

6.8 Service During Dispute. In the event of a billing dispute between Illinois Power and DMG under Section 14.4, DMG shall continue to provide Black Start Service as long as Illinois Power complies with the provisions of Section 6.4.

6.9 Rebilling. DMG reserves the right to issue a revised invoice in the event the original invoice was inaccurate for any reason, provided such revised invoice is issued within two (2) years following the date on which the invoice to be corrected became due and payable. All invoiced amounts and payments under an invoice shall be deemed true and correct two (2) years following the date on which the invoice became due and payable and no revision thereof shall be made thereafter.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 DMG. DMG is duly organized and validly existing under the laws of the State of Illinois. DMG is qualified to do business under the laws of the State of Illinois, is in good standing under the laws of the State of Illinois, has the power and authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

7.2 Illinois Power. Illinois Power is duly organized, validly existing and qualified to do business under the laws of the State of Illinois, is in good standing under its certificate of incorporation and the laws of the State of Illinois, has the corporate authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

7.3 The Agreement. This Agreement is the legal, valid and binding obligation of each Party upon its execution by both Parties, and upon its acceptance by the FERC becomes enforceable in accordance with its terms, except as limited by Applicable Laws and Regulations.

ARTICLE 8
ASSIGNMENT

8.1 Successors and Assigns. This Agreement, and the rights and obligations created thereby, shall bind and inure to the benefit of the successors and permitted assigns of the Parties hereto.

8.2 Assignments Requiring Consent. Except as provided in Sections 8.3 and 8.4 below, neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, which consent shall not be unreasonably withheld or delayed, and any such assignment or delegation made without such written consent shall be null and void.

8.3 Assignments Not Requiring Consent.

8.3.1 Either Party may assign its rights or delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party to any person or entity that purchases or otherwise acquires, directly or indirectly, all or substantially all of the outstanding assets, shares of stock or other ownership interest, as applicable, of the assigning Party;

8.3.2 DMG may assign this Agreement or portion of this Agreement, as applicable, in conjunction with the sale of any Unit or all or any portion of the Facilities not rising to the level

of "all or substantially all" of its assets, stock or other ownership interest without Illinois Power's written consent as long as the creditworthiness of the assignee, or any person or entity guaranteeing the assignee's obligations under this Agreement, if any, is equal to or better than that of DMG at the time of the sale, or Illinois Power shall receive other adequate assurance, in a form reasonably acceptable to DMG in its sole discretion, of such assignee's ability to fulfill all of the obligations of DMG under this Agreement with respect to such Unit or Facility(ies). DMG may also assign this Agreement or portion of this Agreement, as applicable, to any wholly-owned direct or indirect affiliate of DMG's parent which acquires DMG or any of the Units or Facilities without the written consent of Illinois Power.

8.3.3 Illinois Power may assign this Agreement to any wholly-owned direct or indirect affiliate of Illinois Power's parent which acquires Illinois Power or all of the Illinois Power T&D System or Illinois Power's business without the written consent of DMG. Further, if Illinois Power transfers operational control of all or any portion of the Illinois Power T&D System to an RTO, Illinois Power may assign this Agreement or portion of this Agreement, as applicable, to the RTO without the written consent of DMG, provided the RTO assumes in writing all or the duties and obligations of Illinois Power, existing and future, under this Agreement. The foregoing notwithstanding, nothing contained herein shall limit the DMG's right to defend this Agreement or to challenge such assignment, or the terms or conditions thereof.

8.4 Financing or Refinancing.

8.4.1 Notwithstanding the provisions of Section 8.2, DMG may, without the written consent of Illinois Power, assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to any lender, whether as security for amounts payable or otherwise, under a financing, which financing may include without limitation, one or more leases (whether capital, operating, synthetic or otherwise), subleases, mortgages, loans, equity and/or debt issues (including bonds), the proceeds of which are used for purposes of financing or refinancing any or all of the Units or Facilities subject to this Agreement, including upon or pursuant to the exercise of remedies under such financing or refinancing, or by way of assignments, transfers, conveyances of dispositions in lieu thereof.

8.4.2 Illinois Power agrees, if requested by DMG, to enter into an agreement (in a form reasonably acceptable to Illinois Power) with the lender, pursuant to which Illinois Power will acknowledge the creation of security over DMG's rights under this Agreement and agree that, upon breach of this Agreement or any loan documents by DMG or the insolvency of DMG, the lender shall:

(i) have the right within a reasonable period of time as specified therein to cure any breach of this Agreement, provided the lender agrees to perform DMG's obligations under the Agreement during the cure period; and

(ii) have the right, upon cure any such breach of this Agreement, to assume all the rights and obligations of DMG under this Agreement.

8.5 Obligation of Continued Performance. Except for assignments that do not require the other Party's written consent, no assignment or transfer of rights or obligations under this Agreement by either Party shall relieve that Party from full liability and financial responsibility for the performance thereof after such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume all of the obligations and duties,

existing and future, of the assigning or transferring Party and (i)(a) the non-assigning Party shall have received all amounts then due and payable to it under this Agreement, if any; and (b) the creditworthiness of such assignee, or any person or entity guaranteeing the assignee's obligations under this Agreement, if any, is equal to or better than that of the assignor at the time of the sale, or the non-assigning Party shall have received other adequate assurance of such assignee's ability to fulfill all of the obligations, including monetary obligations, of the assignor under this Agreement, in a form reasonably acceptable to the non-assigning Party in its sole discretion, or (ii) the non-assigning Party has consented in writing to release the assigning Party from liability and financial responsibility for the performance of the assigning Party's obligations under this Agreement, such consent not to be unreasonably withheld.

ARTICLE 9
FORCE MAJEURE

9.1 Force Majeure Events. Notwithstanding anything in this Agreement to the contrary, neither Party shall be liable in damages or otherwise responsible to the other Party for a failure to carry out any of its obligations under this Agreement, other than the obligation to pay an amount when due, if and only to the extent that it is unable to so perform or is prevented from performing by a Force Majeure Event. Such exclusion from liability shall extend only for the period of time necessitated by such Force Majeure Event. Nothing herein shall be construed to require any Party to settle a labor dispute, lockout or strike.

9.2 Notice. The Party claiming Force Majeure shall give notice to the other Party of any Force Majeure Event as soon as reasonably practicable, but not later than two (2) days after the date on which such Party knew of the commencement of the Force Majeure event.

9.3 Procedures for Force Majeure Event. If a Party claims the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then such Party shall: (i) provide prompt written notice of such Force Majeure Event to the other Party giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise all reasonable efforts to continue to perform its obligations under this Agreement; (iii) expeditiously take all reasonable action to correct or cure the Force Majeure Event; and (iv) provide prompt notice to the other Party of cessation of the Force Majeure Event. All performance obligations hereunder shall be extended by a period equal to the period during which either Party's obligations were suspended as a result of a Force Majeure Event.

ARTICLE 10
LIABILITY AND INDEMNIFICATION

10.1 Limitation of Liability. Except as otherwise expressly provided in this Agreement, neither Illinois Power nor DMG, nor their respective officers, directors, agents, employees, parents, affiliates, or successors or assigns of any of them, shall be liable to the other Party or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns for claims, suits, actions or causes of action for incidental, punitive, special, indirect, or consequential damages (including, without limitation, attorneys' fees or litigation costs, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, or loss of use of revenues or loss of anticipated profits), resulting from either Party's performance or non-performance of an obligation imposed on it by this Agreement , including, without limitation, any such damages which are based upon causes of action for breach of contract, tort, breach of warranty or strict liability, save and except to the extent that such damages are caused by the negligence or willful misconduct of Illinois Power, or DMG, or their respective officers, directors, agents, employees, parents or affiliates. The provisions of this
Section 10.1 shall survive termination, cancellation, suspension, completion, or expiration of this Agreement.

10.2 Indemnification.

10.2.1 Mutual Obligation. Each Party ("Indemnifying Party") shall indemnify, defend and hold the other Party, its parent, affiliated and subsidiary and its and their partners, directors, officers, employees, stockholders, representatives, servants, and agents (including but not limited to contractors and their employees) (each and "Indemnified Party") harmless from and against all liabilities, damages, losses, penalties, claims, demands, costs or expenses (including court costs, reasonable attorneys' fees and other costs of defense), suits and proceedings of any nature whatsoever for any personal injury (including death) or any property damage ("Claim") that occurs or arises out of or otherwise results from or is in any manner connected with the performance or nonperformance of this Agreement by the Indemnifying Party save and except to the extent that such injury or damage is attributable to the gross negligence or willful, wanton or purposeful misconduct of the Indemnified Party.

10.2.2 Indemnification Procedures.

10.2.2.1 Notice. The Indemnified Party shall give the Indemnifying Party prompt notice of the assertion of a Claim or of the commencement of any action or proceeding with respect to a Claim. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been, or may be sustained by, the Indemnified Party. In the event that the Indemnified Party fails to provide prompt notice of a Claim and the Indemnifying Party is actually and materially prejudiced as a result, the Indemnifying Party shall have no further liability under the indemnification provisions of this Agreement with respect to such Claim.

10.2.2.2 Defense of Claim. Promptly after receipt by the Indemnifying Party of notice of any Claim or notice of the commencement of any action, administrative or legal proceeding, or investigation with respect to a Claim, the Indemnifying Party shall assume the defense thereof with counsel designated by the Indemnifying Party and satisfactory to the Indemnified Party, such satisfaction not to be unreasonably withheld; provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnifying Party shall have reasonably concluded that there may be legal defenses available to the Indemnified Party with respect to a Claim which are different from or additional to, or inconsistent with, those available to the Indemnifying Party, then the Indemnifying Party shall so notify the Indemnified Party and the Indemnified Party shall have the right to select separate counsel to participate in the defense of such Claim on behalf of the Indemnified Party at the expense of the Indemnifying Party. Except as provided in Section 10.2.2.4 below, neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, such consent shall not be unreasonably withheld or delayed.

10.2.2.3 Right to Assume Defense. If a Party believes itself entitled to indemnification under this Agreement with respect to a Claim, and the

Indemnifying Party fails or refuses to assume the defense of such Claim after receiving notice of same pursuant to Section 10.2.2.1, the Indemnified Party shall have the right, but not the obligation, to contest or settle such Claim and submit the issue of indemnification for resolution pursuant to Article 16..

10.2.2.4 Indemnified Amount. In the event that a Party is obligated to indemnify and hold the other Party and its successors and assigns harmless under this Article 10, the amount owing to the Indemnified Party will be the amount of the Indemnified Party's actual out-of-pocket loss net of any insurance proceeds received or other recovery actually received by or applied for the benefit of the Indemnified Party.

10.2.3 Employees. Each Party shall comply with applicable worker's compensation laws, and the indemnities of this Article 10 shall be fully applicable to all claims and payments arising under such laws.

10.2.4 Survival. The indemnification obligations of each Party under this Article 10 shall continue in full force and effect regardless of whether this Agreement has either expired or been terminated or canceled.

10.3 Illinois Power Interconnection Facilities. DMG acknowledges that certain controls and switches relating to the Illinois Power Interconnection Facilities are physically located within the Facilities and under the physical control of DMG. Such controls and switches shall be operated strictly in accordance with the direction of Illinois Power. If DMG or any person or entity subject to DMG's control shall operate such controls and switches, or any of them, in any manner that is not in strict accordance with the direction of Illinois Power, DMG shall indemnify, defend and hold Illinois Power, its parent, affiliates and subsidiaries, and its and their partners, directors, officers, employees, stockholders, representatives, servants, and agents (including but not limited to contractors and their employees) (each and "Indemnified Party") harmless from and against all liabilities, damages, losses, penalties, claims, demands, costs or expenses (including court costs, reasonable attorneys' fees and other costs of defense), suits and proceedings of any nature whatsoever for any personal injury (including death) or any property damage ("Claim") that occurs or arises out of or otherwise results from or is in any manner connected with the failure of DMG or any person or entity subject to DMG's control to operate such controls and switches in strict accordance with the direction of Illinois Power (to the extent such direction is consistent with Good Utility Practice) save and except to the extent that such injury or damage is attributable to the gross negligence or willful, wanton or purposeful misconduct of Illinois Power or any person or entity subject to its control.

ARTICLE 11
BREACH, CURE AND DEFAULT

11.1 Breach. A breach of this Agreement shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A breach of this Agreement shall include:

11.1.1 The failure to pay any amount when due;

11.1.2 The failure to comply with any material term or condition of this Agreement, including but not limited to any material breach of a representation, warranty or covenant made in this Agreement;

11.1.3 The appointment of a receiver or liquidator or trustee for the Party or of any property of the Party, and such receiver, liquidator or trustee is not discharged within sixty (60) days;

11.1.4 The filing of a case in bankruptcy or any proceeding under any other insolvency law against the Party by a third-party, and such case or proceeding has not been stayed or dismissed within sixty (60) days of filing; or

11.1.5 The filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law by the Party.

11.2 Cure and Default. Except for breaches set forth in Sections 11.1.3, 11.1.4, and 11.1.5 above, upon a Party's breach of its obligations under this Agreement, the other Party ("Non-Breaching Party") shall give the Party in breach ("Breaching Party") a written notice describing such breach in reasonable detail, including the nature of the breach and, where known and applicable, the steps necessary to cure such breach, and demanding that the Breaching Party cure such breach. The Breaching Party shall be deemed to be in "Default" of its obligations under this Agreement if: (1) it fails to cure its breach within thirty (30) days after its receipt of such notice, or (2) where the breach is such that it cannot be cured within such thirty-day period, the Breaching Party does not commence in good faith all such steps as are reasonable and appropriate to cure such breach within such thirty-day period and thereafter diligently pursue such action to completion. Breaches set forth in Sections 11.1.3 and 11.1.4, above shall become a "Default" upon the expiration of the time period set forth in such section. Breaches set forth in Section 11.1.5 above shall become a "Default" immediately upon the occurrence of the breach.

11.3 Right to Compel Performance. Notwithstanding the foregoing, upon the occurrence of a Default, the non-defaulting Party shall be entitled to (i) commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations under this Agreement in accordance with the terms and conditions hereof, and (ii) exercise such other rights and remedies as it may have in equity or at law.

ARTICLE 12
TERMINATION OF SERVICE

12.1 Expiration of Term. Except as otherwise specified in this Article 12, this Agreement may only be terminated at the conclusion of the Term of this Agreement stated in Article 2 hereof.

12.2 Termination Upon Default. Subject to the limitations set forth in Section 12.3, in the event of Default by DMG, Illinois Power may only terminate this Agreement upon the later of:

12.2.1 Its giving of written notice of termination to DMG and any affected regulatory agency;

12.2.2 The filing at FERC of a notice of termination for the Agreement, which filing must be accepted by FERC; or

12.2.3 The receipt of any other regulatory approvals required for the termination of the Agreement.

12.3 Dispute As To Default. If a Party disputes that it is in Default, no termination of this Agreement may occur absent final resolution of such dispute pursuant to Article 16 and upon the satisfaction of all the conditions stated above in Section 12.2.

12.4 Survival of Rights. Termination of this Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date such termination becomes effective. Any provision of this Agreement that by its terms survives termination of this Agreement shall survive such termination.

ARTICLE 13
LABOR RELATIONS

Each Party shall promptly notify the other Party, orally and then in writing, of any labor dispute or anticipated labor dispute of which its management has actual knowledge that might reasonably be expected to affect the operations of the other Party with respect to this Agreement.

ARTICLE 14
CONFIDENTIALITY

14.1 General. Except as otherwise provided in this Section, each Party shall hold in confidence and shall not disclose to any person Confidential Information, regardless of whether such Confidential Information was conveyed to the Party prior, or subsequent, to the execution of this Agreement.

14.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third Party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the other Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; or (5) was disclosed with the prior written approval of the disclosing Party.

14.3 Release of Confidential Information. Neither Party shall release or disclose any Confidential Information of the other Party: (1) to any persons other than its employees, agents, representatives, RTO, other Transmission Providers, MAIN, or NERC (each, a "Permitted Recipient"); provided that: (1) any such disclosure to a Permitted Recipient will be only on a need-to-know basis in connection with this Agreement, and (2) such Permitted Recipient has first been advised of the confidentiality provisions of this Article 14 and has agreed to comply with such provisions, is bound by another confidentiality agreement acceptable to the Parties in their reasonable discretion, or by FERC Standards of Conduct regarding disclosure of information; or (2) as specifically provided in Section 14.7 below.

14.4 Rights. Each Party retains all rights, title and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

14.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness; provided, however that the Party receiving such Confidential Information shall be entitled to rely on such Confidential Information for the purposes of its performance of this Agreement. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

14.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or

dissemination. Each Party may use Confidential Information solely to fulfill its obligations under this Agreement and not for any other purpose.

14.7 Order of Disclosure. If a Party is legally required to disclose Confidential Information of the other Party by law, rule, regulation, order or other governmental action, or action of any entity with the right, power, and authority to do so, including but not limited to subpoena, oral deposition, interrogatories, requests for production of documents, or administrative order, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver, the disclosing Party shall disclose such Confidential Information which in the opinion of its counsel the Party is legally required to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

14.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within thirty (30) days of receipt of a written request from the other Party, destroy, erase or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or tangible Confidential Information received from or on behalf of the other Party.

14.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Article 14. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, for any breach or threatened breach of the obligations of confidentiality imposed by this Article 14, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed to be an exclusive remedy for the breach of this Article 14, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 14, unless disclosed through a Party's gross negligence or willful, wanton or purposeful conduct.

14.10 Press Releases. Each Party agrees to coordinate with the other Party all press, news, or other releases to the media related to this Agreement and to allow the other Party to review such releases prior to release.

ARTICLE 15
AUDIT RIGHTS

Subject to the requirements of confidentiality under Article 14 of this Agreement, either Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party to audit each other's accounts and records pertaining to either Party's performance and/or satisfaction of obligations arising under this Agreement within two (2) years from the date of such performance or satisfaction of such obligation. Said audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

ARTICLE 16
DISPUTES

16.1 Submission. Any claim or dispute which either Party may have against the other arising out of the Agreement shall be submitted in writing to the other Party within sixty (60) days after the claim or dispute initially arises. In the event of a dispute over payment, the Parties shall first utilize the dispute resolution provisions of Section 6.4 before utilizing the provisions of this Article 16. The submission of any claim or dispute under this Section 16.1 shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

16.2 Alternative Dispute Resolution. If any such claim or dispute arises, the Parties shall use their best efforts to resolve the claim or dispute, initially through good faith negotiations or upon the failure of such negotiations, through mutually agreed to ADR techniques; however, either Party may terminate its participation in ADR during any stage of ADR and proceed under Section 16.3.

16.3 Arbitration. If any claim or dispute arising hereunder is not resolved within sixty (60) days after notice thereof to the other Party, either Party may demand in writing the submission of the dispute to binding arbitration in Chicago, Illinois, or some other mutually agreed upon location and shall be heard by one neutral arbitrator under the American Arbitration Association's Commercial Arbitration Rules.

16.4 Time Limitation. Unless the Parties otherwise agree, the arbitration process shall be concluded not later than six (6) months after the date that it is initiated and the award of the arbitrator shall be accompanied by a reasoned opinion if requested by either Party. The arbitrator shall have no authority to award punitive or treble damages or any damages inconsistent with the provisions of this Agreement. The arbitration shall be conducted as a common law arbitration and the decision of the arbitrator rendered in such a proceeding shall be final. Judgment may be entered upon it in any court having jurisdiction.

16.5 Procedures. The procedures for the resolution of disputes set forth herein shall be the sole and exclusive procedures for the resolution of disputes; provided, however, that a Party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties will continue to participate in good faith in the procedures specified herein. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified herein are pending. The Parties will take any action, if any, required to effectuate such tolling. Each Party is required to continue to perform its undisputed obligations under this Agreement pending final resolution of a dispute. All negotiations pursuant to these procedures for the resolution of disputes will be confidential, and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

ARTICLE 17
NOTICES AND COMMUNICATIONS

17.1 Notices. All notices required or permitted under this Agreement shall be in writing unless otherwise specified in this Agreement and shall be personally delivered or sent by certified or registered first class mail with postage prepaid, facsimile transmission, or overnight express mail or courier service addressed as follows:

TO DMG:	TO ILLINOIS POWER:
Notices -------	Notices -------
Dynegy Midwest Generation, Inc. 2828 North Monroe Street Decatur, IL 62526-3269 Att: Senior Vice President	Illinois Power Company 500 South 27th Street Decatur, IL 62521 Att: ----------
Phone: (217) 424-8326 Fax: (217) 424-8735	Phone: (217) 424-8328 Fax: (217) 362-7417
	and
	Illinois Power Company 500 South 27th Street Decatur, IL 62521 Att: Transmission Operator

Phone: (217) 424-7071 Fax: (217) 424-8172

All such notices shall be deemed given upon receipt by the addressee.

17.2 Change of Address. Either Party may change its address and telephone numbers for notices by notice to the other in the manner provided above.

17.3 Oral Notice. Notwithstanding Section 17.1, any notice hereunder, with respect to an Emergency or other occurrence requiring prompt attention of the Party receiving such notice, or as necessary during day-to-day operations, may be made orally provided that such notice is confirmed in writing promptly thereafter. Notice in an Emergency, or as necessary during day-to-day operations, shall be provided, (i) if by Illinois Power, to a shift leader in the control room at the appropriate Facility and (ii) if by a Facility, to the Transmission Operator.

ARTICLE 18
MISCELLANEOUS PROVISIONS

18.1 Compliance With Law. This Agreement and all rights and obligations of the Parties hereunder are subject to all applicable state and federal laws and all applicable duly promulgated orders and regulations and duly authorized actions taken by the executive, legislative or judicial branches of government, or any of their respective agencies, departments, authorities or other instrumentalities having jurisdiction and in performing its obligations under this Agreement each Party shall comply with all such laws, orders and regulations.

18.2 Federal Power Act Rights Preserved. Nothing contained in this Agreement shall be construed as affecting in any way the ability of any Party to this Agreement to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder, including but not limited to, each Party's unilateral right to make application to FERC for a change in the rates, terms and/or conditions of this Agreement; provided, however, that the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956), and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine), shall not be applicable to either Party's application to FERC for a change in the rates, terms and/or conditions of this Agreement.

18.3 Taxes. Each Party agrees to pay any and all local, state, federal sales, use, excise or any other taxes which are now, or in the future may be, assessed and legally owed by such Party pertaining to goods provided and/or the services performed under this Agreement. Each Party shall be responsible for any income taxes that apply to the monies it receives hereunder.

18.4 Relationship of the Parties. Nothing in this Agreement is intended to create a partnership, joint venture or other joint legal entity making any Party jointly or severally liable for the acts of the other Party. Unless otherwise agreed to in a writing signed by both Parties, neither Party shall have any authority to create or assume in the other Party's name or on its behalf any obligation, express or implied or to act or purport to act as the other Party's agent or legal empowered representative for any purpose whatsoever. Each Party shall be solely liable for the payment of all wages, taxes, and other costs related to the employment of persons by that Party, including all federal, state, and local income, social security, payroll and employment taxes and statutorily-mandated workers' compensation coverage. Except as expressly provided for herein, neither Party shall be liable to any third party in any way for any engagement, obligation, commitment, contract, representation or for any negligent act or omission to act of the other Party.

18.5 No Third Party Rights. No person or Party shall have any rights or interests, direct or indirect, in this Agreement or the services or facilities to be provided hereunder, or both, except the Parties, their successors, and authorized assigns. The Parties specifically disclaim any intent to create any rights in any person or Party as a third-party beneficiary to this Agreement or to the services or facilities to be provided hereunder, or both.

18.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties' duly authorized representatives have executed this Agreement as of the Effective Date.

DYNEGY MIDWEST GENERATION, INC.	ILLINOIS POWER COMPANY
By: ----------	By: ----------
Name: ----------	Name: ----------
Title: ----------	Title: ----------

SCHEDULE A
to
Black Start Service Agreement
between
Illinois Power Company and Dynegy Midwest Generation, Inc
Dated _____, 2004

Unit	Designated Transmission Path	Designated Generation Resource(s)	Start Time	Comments
Oglesby 1		Hennepin 1	90 Minutes	
Oglesby 2		Hennepin 1	90 Minutes	
Oglesby 3		Hennepin 1	90 Minutes	
Oglesby 4		Hennepin 1	90 Minutes	
Stallings 1		Wood River 1-4	90 Minutes - Manned 120 Minutes - Unmanned	If first Unit started
Stallings 2		Wood River 1-4	120 Minutes - Manned 150 Minutes - Unmanned	If second Unit started; due to manual operation
Stallings 3		Wood River 1-4	150 Minutes - Manned 180 Minutes - Unmanned	If third Unit started; due to manual operation
Stallings 4		Wood River 1-4	180 Minutes - Manned 210 Minutes - Unmanned	If fourth Unit started; due to manual operation
Tilton 1		Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	
Tilton 2		Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	
Tilton 3		Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	
Tilton 4		Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	
Vermillion 3		Vermillion 1-2	90 Minutes	

SCHEDULE B
to
Black Start Service Agreement
between

Illinois Power Company and Dynegy Midwest Generation, Inc Dated _____, 2004

One Line Diagram

SCHEDULE C
to
Black Start Service Agreement
between

Illinois Power Company and Dynegy Midwest Generation, Inc Dated _____, 2004

Interconnection Points

SCHEDULE D
to
Black Start Service Agreement
between

Illinois Power Company and Dynegy Midwest Generation, Inc

Dated _____, 2004

COMPENSATION

1. Compensation to be paid by Illinois Power to DMG under Article 6 of the Agreement shall be calculated pursuant to the following formula:

```
COMPENSATION =   ({[(FIXED BLACK START COSTS) / 12] + [(VARIABLE BLACK
                 START COSTS) / 12] + [(TRAINING COSTS) / 12] + [(FUEL
                 STORAGE & CARRYING COSTS) / 12] + (ENERGY COSTS)} X [1+
                 INCENTIVE FACTOR])
```

2. The Fixed Black Start Costs shall be calculated as follows:

Fixed Black Start Costs = CDR X 365 X Unit Cap X BSAF where:

CDR is the Capacity Deficiency Rate applicable in the PJM Interconnection, L.L.C. market for the year in question (i.e., the annualized per MW capital cost component of new combustion turbine).

Unit Cap is the generating units installed capacity.

BSAF is the black start allocation factor, which varies by unit type. The following values shall be used for the BSAF:

hydro: 0.01
diesel generator: 0.02
CT: 0.02

3. Variable Black Start Costs shall be calculated as follows:

Variable Black Start Costs = (Unit O&M x Y) where:

Y is the variable O&M factor.
Y = 1% (.01) unless another value is supported by the documentation of costs

4. Training Costs shall be calculated as follows:

Training Costs = [(50 staff-hours/year/facility x $75/hour) / 12]

If DMG proposes the use of other variables, the basis for the variables proposed for use for a specific Unit must be documented.

5. Fuel Storage & Carrying Costs shall be calculated as follows:

FS&C Costs = (Run Hours) x (Fuel Burn Rate) x (12 Month Forward Strip + Basis) x (Interest Rate/12) where:

Run Hours are actual run hours required for Unit to run; provided, however, Run Hours shall not be less than 16 hours unless mutually agree by Illinois Power/RTO and DMG

Fuel burn rate is actual Unit fuel burn rate.

12 Month Forward Strip is the average of the forward prices for the actual fuel burned in the Unit.

Basis is the transportation costs from the location referenced in the forward price data to the Unit plus any variable taxes.

Interest Rate will be a representative annual interest rate.

If DMG proposes the use of other variables, the basis for the variables proposed for use for a specific Unit must be documented.

Note: This component applies only to oil-fired units as it is assumed that there is an inherent reserve available for hydro and gas units and that there would be no additional fuel storage or carrying charges necessary to maintain black start capability.]

6. Energy Costs shall be calculated as follows:

Energy Costs = (Run Hours) x (Energy Cost)

where:

Run Hours is the greater of 16 hours or the actual run hours of the Unit from start until restoration of the Illinois Power T&D System to normal operation.

Energy Cost is the price reported in as the "ComEd, into" price in Megawatt Daily under the "Day-ahead markets " column for the day and hour (On-Peak or Off-Peak) in question.

7. Incentive Factor

An incentive factor, Z, is applied to the cost values to incentivize DMG to provide Black Start Service.

Z = 10%

where:

Z is an incentive factor initially set to the above level and which will be periodically reviewed by Illinois Power and DMG, but all revisions must be mutually agreed. The defined black start costs are multiplied by the incentive factor to determine the incentive.

[EXHIBIT G TO SPA]

ESCROW AGREEMENT

[Filed confidentially pursuant to Rule 104]

[EXHIBIT H TO SPA]

NEGOTIATED TIER 2 MEMORANDUM

This Negotiated Tier 2 Memorandum ("Agreement") is entered into between Illinois Power Company ("IP") and Dynegy Power Marketing, Inc. ("DYPM") effective _____, 2004. IP and DYPM are parties to that certain Power Purchase Agreement ("PPA") dated _____, 2004. Upon execution and delivery hereof, this Agreement shall constitute a Negotiated Tier 2 Memorandum as defined in the PPA. Capitalized terms used but not defined herein shall have the same meanings set forth in the PPA.

DYPM shall sell and deliver to IP Negotiated Tier 2 Capacity and Negotiated Tier 2 Energy, and IP shall receive and purchase from DYPM such Negotiated Tier 2 Capacity and Negotiated Tier 2 Energy, under the following terms and conditions:

Term:	January 1, 2005 through December 31, 2006
Negotiated Tier 2 Capacity:	DYPM agrees to provide 300 MW of Negotiated Tier 2 Capacity in 2005 and 150 MW of Negotiated Tier 2 Capacity in 2006. These amounts of Negotiated Tier 2 Capacity shall provide IP with Capacity in addition to, among other sources, the Tier 1 Capacity provided by DYPM to IP pursuant to the PPA.
Negotiated Tier 2 Capacity Price:	$1.33 per kW-month
Negotiated Tier 2 Energy Quantity:	Negotiated Tier 2 Energy, for any hour, shall not exceed 300 MW in 2005 and 150 MW in 2006.
Day Ahead Negotiated Tier 2 Energy:	DYPM agrees to provide Negotiated Tier 2 Energy scheduled by IP on a day ahead basis by 7:30 AM CST. Day Ahead Negotiated Tier 2 Energy shall be scheduled in increments of 50 MW for a total schedule of at least 4 consecutive hours, with all scheduled hourly increases or decreases equaling 50 MW. In the event IP chooses to extend the day ahead schedule on an intra-day basis, IP shall notify DYPM no later than 45 minutes prior to the top of the delivery hour.
Intra-day Negotiated Tier 2 Energy:	DYPM agrees to provide Negotiated Tier 2 Energy on an intra-day basis requested by IP no later than 45 minutes prior to the top of the delivery hour. Intra-day Negotiated Tier 2 Energy shall be scheduled in increments of 50 MW for no less than one hour.
Negotiated Tier 2 Energy Price:	The Price for Day Ahead Negotiated Tier 2 Energy shall be: (i) during On-Peak Hours, the Shaped Daily On-Peak Index for such hours of such day, and (ii) during Off-Peak Hours, the "into Cinergy" "off peak" index as published in the McGraw-Hill Companies, Inc.'s Power Markets Week's Daily Price Report - Daily Price Indexes, as such terms are defined in such publication or, if such index is not available for the applicable Day, the comparable index from the Day most recently-available.

	The Price for Intra-day Negotiated Tier 2 Energy shall be at a price to be negotiated by the Parties.
Congestion:	IP shall be solely responsible for any Congestion Costs and Transmission Losses associated with transmission of Negotiated Tier 2 Energy from the Point(s) of Delivery to the IP Load.
Other Provisions:	IP shall schedule Negotiated Tier 2 Energy only to the extent that Tier 1 Energy and any Qualified Purchases have been fully scheduled for any hour for such day. For purposes of the PPA, the Negotiated Tier 2 Capacity and Negotiated Tier 2 Energy provided under this Agreement shall represent "Negotiated Tier 2 Capacity" and "Negotiated Tier 2 Energy." Except as expressly modified by this Agreement, all other provisions of the PPA shall remain in full force and effect.

IN WITNESS WHEREOF the Parties hereto, by their duly authorized representatives, have caused this Agreement to be executed on the date first written above.

ILLINOIS POWER COMPANY	DYNEGY POWER MARKETING, INC.
By:	By:
Name:	Name:

Title: Title:

SCHEDULES

TO

STOCK PURCHASE AGREEMENT

The attached schedules (each, a "Schedule" and collectively, the "Schedules") have been prepared and delivered in connection with the Stock Purchase Agreement dated as of February 2, 2004 (as amended from time to time, the "Agreement") by and among Ameren Corporation, a Missouri corporation ("Purchaser"), Illinova Corporation, an Illinois corporation ("Seller"), Illinova Generating Company, an Illinois corporation ("IGC") and Dynegy Inc., an Illinois corporation ("Dynegy"). Capitalized terms used and not otherwise defined in these Schedules have the meanings ascribed to such terms in the Agreement. These Schedules are qualified in their entirety by reference to the Agreement and are not intended to constitute, and shall not be construed as constituting, any representations or warranties of Dynegy and Seller, except as and to the extent provided in the Agreement.

The disclosure of any information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by Dynegy and Seller in the Agreement or that it is material, nor shall such information be deemed to establish a level or standard of materiality for purposes of the Agreement. Headings have been inserted in the Schedules for convenience of reference only and shall to no extent have the effect of amending or changing the express description of the sections as set forth in the Agreement.

SCHEDULE 1.1(a)

REFERENCE BALANCE SHEET

See attached.

ILLINOIS POWER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (IN MILLIONS, EXCEPT SHARE DATA) (UNAUDITED)

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
ASSETS		
UTILITY PLANT:		
Electric (includes construction work in progress of $91 million and $98 million, respectively)	$ 2,484	$ 2,410
Gas (includes construction work in progress of $18 million and $18 million, respectively)	781	770
	3,265	3,180
Less -- accumulated depreciation	1,261	1,219
	2,004	1,961
INVESTMENTS AND OTHER ASSETS	10	9
CURRENT ASSETS:		
Cash and cash equivalents	23	117
Restricted cash	20	17
Accounts receivable, net	120	104
Accounts receivable, affiliates	71	22
Accrued unbilled revenue	63	78
Inventories, at average cost	64	44
Prepayments and other	42	20
	403	402
NOTE RECEIVABLE FROM AFFILIATE	2,271	2,271
DEFERRED DEBITS:		
Transition period cost recovery	126	155
Other	134	143
	260	298
	$ 4,948	$ 4,941
CAPITAL AND LIABILITIES		
CAPITALIZATION:		
Common stock -- no par value, 100,000,000 shares authorized: 75,643,937 shares issued, stated at	$ 1,274	$ 1,274
Additional paid-in capital	9	9
Retained earnings - accumulated since 1/1/99	478	390
Accumulated other comprehensive income (loss), net of tax	(13)	(13)
Less -- Capital stock expense	7	7
Less -- 12,751,724 shares of common stock in treasury, at cost	287	287
	1,454	1,366
Preferred stock	46	46
Long-term debt	1,801	1,719
	3,301	3,131
CURRENT LIABILITIES:		
Accounts payable	41	66
Accounts payable, affiliates	11	18
Notes payable and current portion of long-term debt	86	376
Accrued liabilities	240	145
	378	605
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,003	1,038
Accumulated deferred investment tax credits	20	21

Other	246	146
	1,269	1,205
	$ 4,948	$ 4,941

Above Financial Statements are not accompanied with Footnotes

SCHEDULE 1.1(b)

PERMITTED LIENS

1. Liens created under the General Mortgage Indenture and Deed of Trust dated as of November 1, 1992.

2. Liens resulting from the creation and establishment of intangible transition property pursuant to a transitional funding order by the Illinois Commerce Commission dated September 10, 1998 (Docket 98-0488) and the issuance of the Transitional Funding Trust Notes.

3. Ordinary course Liens in respect of the lease of equipment, the sale of receivables, the 1992 Mortgage (as defined in Item 2 of Schedule 3.4 (b)), and the Tilton Assets as set forth on the UCC search results on the attached Appendix A.

4. Items set forth on the attached Appendix B.

5. EEI Shares are pledged under (a) the Credit Agreement dated as of April 1, 2003, as amended through the date hereof, by and among Dynegy Holdings Inc., Dynegy Inc., as the parent guarantor, Citibank, N.A. and Bank of America, N.A., as administrative agents for the lenders, Bank One, NA (Main Office Chicago), as collateral agent for the lenders, and the various banks, financial institutions and other lenders parties thereto (the "Dynegy Credit Agreement"), and (b) the Indenture dated as of August 11, 2003, as amended through the date hereof, by and among Dynegy Holdings Inc. and Wilmington Trust Company, as indenture trustee. Dynegy will cause all such Liens to be removed upon the purchase of the EEI Shares by Purchaser. EEI Shares may also be subject to certain restrictions under EEI's governing documents and shareholder agreement.

APPENDIX A TO SCHEDULE 1.1(b)

See attached.

APPENDIX B TO SCHEDULE 1.1(b)

See attached.

SCHEDULE 1.1(c)

[Filed confidentially pursuant to Rule 104]

SCHEDULE 1.1(d)

EXISTING IPC OBLIGATIONS AS OF SEPTEMBER 30, 2003

NEW MORTGAGE BONDS	UNPAID PRINCIPAL ($ IN 000S)
6 3/4% series due 2005	70,000
7.5% series due 2009	250,000
11 1/2% series due 2010	550,000
5.70% series due 2024 (Pollution Control Series U)	35,615
7.40% series due 2024 (Pollution Control Series V)	84,150
7 1/2% series due 2025	65,630
5.40% series due 2028 (Pollution Control Series S)	18,700
5.40% series due 2028 (Pollution Control Series T)	33,755
Adjustable rate series due 2032 (Pollution Control Series P) (note 1)	70,000
Adjustable rate series due 2032 (Pollution Control Series Q) (note 1)	45,000
Adjustable rate series due 2032 (Pollution Control Series R) (note 1)	35,000
Adjustable rate series due 2028 (Pollution Control Series W) (note 1)	111,770
Adjustable rate series due 2017 (Pollution Control Series X) (note 1)	75,000
TOTAL NEW MORTGAGE BONDS	1,444,620
TRANSITIONAL FUNDING TRUST NOTES ("TFT NOTES") (note 2)	452,400
THE TOTAL LIQUIDATION PREFERENCE OF THE 249,751 SHARES OF PREFERRED STOCK, $50 PAR VALUE PER SHARE, OF IPC NOT OWNED BY SELLER	12,488
TOTAL AMOUNT OF EXISTING IPC OBLIGATIONS ($ in 000s) (note 3):	1,909,508

NOTES:

(1) Accrual based on reset and remarketing rates at September 2003. Series Q, W and X reset weekly. Series P and R reset every five weeks.

(2) Net of accrual of $1,200,000. Series A-5 through A-7. By June 30, 2004, balance expected to be amortized to $388.8 million. Receipts related to principal obligations for TFT Notes from the last principal payment (25th day of quarter-ending month) to the Closing Date will reduce the TFT Notes balance for purposes of calculating Existing IPC Obligations. The IFC receipts are passed to the Trustee within 48 hours of receipt.

(3) Does not include $66,400,000 principal balance on Tilton lease (accreted value at the end of the term to be $80,990,000). IPC subleases the Tilton facility to DMG. DMG makes all lease payments directly to the banks. See Item 4 on Schedule 5.1.

SCHEDULE 1.1(e)

GENERATION ASSETS

1. All assets transferred pursuant to the Asset Transfer Agreements and all assets transferred to DMG pursuant to the Generation Agreement.

2. Coal Supply Agreement, dated June 19, 1999, between Dynegy Coal Trading & Transportation, L.L.C. (as assignee of IPC) and Peabody Coal Sales Company, as amended by First Amendment dated December 4, 2002 (the "Coal Supply Agreement").

3. Tilton Assets.

SCHEDULE 1.1(f)

KNOWLEDGE OF PURCHASER AND SELLER

1. Purchaser

Warner Baxter - EVP, CFO
Steve Sullivan - SVP
Craig Nelson - VP
Dave Whiteley - SVP
Martin Lyons - VP, Controller Michael Moehn - VP
Donna Martin - VP
Greg Nelson - VP
Jerre Birdsong - VP, Treasurer Lee Nickloy - General Manager Bob Porter - Manager
Jerry Grant - Principal Business Planner

2. Dynegy Parties

Robert Ray	SVP and Treasurer - Dynegy
Lynn Lednicky	SVP, Planning - Dynegy
Mario Alonso	Manager, Strategic Investments - Dynegy
Chris Casale	Managing Director, Planning - Dynegy
Layne Albert	VP, Tax - Dynegy
Amin Maredia	Sr. Director, Corporate Accounting - Dynegy
James Miller	Managing Director, Legal - Dynegy
Donna McGinnis	VP, Risk Management & Insurance - Dynegy
Paul Czervinske	Director, HR Midstream Services - Dynegy
Shawn Schukar	SVP, Utility Operations
Ron Pate	Vice President, Asset Performance / Compliance Management
Frank Starbody	Vice President, Energy Supply & Customer Management
Peggy E Carter	Managing Director - Controller
Joe Lakshmanan	Senior Corporate Counsel & CLO
Ellen Hearn	Director - IP Human Resources
Brian Martin	IP Environmental
Randy Clemens	Senior Attorney
Rick Diericx	DMG Environmental

SCHEDULE 3.2

CAPITALIZATION OF SUBSIDIARIES

1. IP Gas Supply Company, an Illinois corporation

o 60,000 shares of Common Stock are authorized and 41,000 shares of Common Stock are issued and outstanding.

2. Illinois Power Transmission Company, LLC, a Delaware limited liability company

o Initial Member contribution of $1,000 by IPC. Records do not reflect issuance of membership interest certificates.

3. Illinois Power Securitization Limited Liability Company, a Delaware limited liability company ("Securitization LLC")

o Sole member is IPC. Initial capital contribution of $1,000 by IPC.

4. Illinois Power Special Purpose Trust, a Delaware business trust

o Sole beneficial owner is Securitization LLC.

5. Illinois Power Financing I, a Delaware statutory business trust
("Financing I")

o In January 1996, Financing I issued 124,000 common securities to IPC (with a liquidation value of $25 per common security) and 4,000,000 preferred securities (with a liquidation value of $25 per preferred security). The common and the preferred securities were redeemed in September 2001.

6. Illinois Power Financing II, a Delaware statutory business trust

o No Equity Interests have been issued.

CONTRACTS RELATING TO REDEMPTION OF IPC CAPITAL STOCK:

1. Pursuant to the Restated Articles of Incorporation of IPC dated August 10, 1994, IPC has the right to redeem the preferred stock of IPC at any time.

SCHEDULE 3.4(a)

GOVERNMENTAL AUTHORITY CONSENTS AND APPROVALS

1. All approvals listed on Schedule 8.1(b).

2. Approvals to transfer the Permits listed on Schedule 3.12(a).

SCHEDULE 3.4(b)

NO VIOLATION

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.7

ABSENCE OF CHANGES

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.8

TAXES

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.9

LITIGATION

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.10

EMPLOYEE BENEFIT PLANS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.11

ENVIRONMENTAL MATTERS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.12(a)

MATERIAL PERMITS AND COMPLIANCE WITH APPLICABLE LAW

1. Material Permits.

FCC LICENSES

CALL SIGN	AREA OF OPERATION	DATE ISSUED	EXPIRATION DATE	FREQUENCY SPECTRUM
WNMO496	Fairview Heights	December 7, 1999	September 16, 2004	852.33750, 855.38750, 855.66250, 856.33750, 857.33750, 858.33750, 859.33750, 860.33750
WNMO496	Decatur	December 7, 1999	September 16, 2004	855.38750, 856.31250, 858.31250, 859.31250, 860.31250
WNMO496	Rising	December 7, 1999	September 16, 2004	854.86250, 855.16250, 855.66250, 855.93750, 856.28750
WNMO496	Tilton	December 7, 1999	September 16, 2004	856.33750, 857.33750, 858.33750, 859.33750, 860.33750
WNMO496	Jacksonville	December 7, 1999	September 16, 2004	856.33750, 857.33750, 858.33750
WNMO496	Bloomington	December 7, 1999	September 16, 2004	852.33750, 853.33750, 857.31250
WPAR499	Galesburg	October 9, 2002	September 29, 2012	853.33750, 855.38750, 859.33750, 860.33750
WPAR499	Raritan	October 9, 2002	September 29, 2012	854.86250, 855.16250, 855.66250, 857.31250

CALL SIGN	AREA OF OPERATION	DATE ISSUED	EXPIRATION DATE	FREQUENCY SPECTRUM
WPAR499	Aledo	October 9, 2002	September 29, 2012	856.31250, 858.33750, 859.31250, 860.31250
WPAR499	Kewanee	October 9, 2002	September 29, 2012	855.93750, 856.93750, 857.93750, 858.31250
WPAR499	Deer Park	October 9, 2002	September 29, 2012	855.16250, 858.33750, 859.31250, 860.31250
WPAR507	Edwardsville	August 15, 2002	September 29, 2012	855.38750, 856.33750, 857.33750, 858.33750, 859.33750, 860.33750, 860.96250
WPAR507	Mt. Vernon	August 15, 2002	September 29, 2012	852.33750, 855.93750, 858.23750
WPAR507	Vandalia	August 15, 2002	September 29, 2012	855.16250, 855.16250, 855.38750
WPAR507	Tamaroa	August 15, 2002	September 29, 2012	855.38750, 855.73750, 856.28750
WPAR507	Sparta	August 15, 2002	September 29, 2012	855.16250, 857.31250, 859.31250,
WPAR507	Waterloo	August 15, 2002	September 29, 2012	852.33750, 856.33750, 857.33750, 858.33750, 859.33750, 860.33750
WPIG265	Albers	August 15, 2002	September 29, 2012	855.66250, 860.96250
WPIG265	Chester	August 15, 2002	September 29, 2012	856.31250, 858.31250, 860.31250
WPIG265	Mt. Olive	August 15, 2002	September 29, 2012	852.33750, 854.86250, 855.73750
WPIG265	Delwood	August 15, 2002	September 29, 2012	859.33750, 860.33750

CALL SIGN	AREA OF OPERATION	DATE ISSUED	EXPIRATION DATE	FREQUENCY SPECTRUM
WPAR503	IL. Statewide	August 15, 2002	September 29, 2012	806.00000, 821.00000
WNPW436	Galesburg (NEW)	September 2, 1999	September 26, 2004	153.65
KSA823	Decatur	December 18, 2002	January 27, 2013	153.65
KBJ68	Central Illinois	December 18, 2002	March 9, 2013	153.56000, 153.65000
KSC235	Jacksonville	May 22, 2003	July 29, 2013	153.65
KRJ621	E. St. Louis	April 17, 1997	April 21, 2012	456.12500, 451.12500
WPDB586	IL. Statewide	July 29, 2003	September 8, 2013	808.48750, 853.48750
KA4317	Central Illinois	September 10, 2003	November 16, 2013	153.56000, 153.65000

FCC ANTENNA STRUCTURE

FCC REGISTRATION NUMBER	ANTENNA STRUCTURE LOCATION	LATITUDE	LONGITUDE
1007456	2655 Martin Luther King Jr. Dr. Decatur, IL	39-52-18.1N	88-57-2.3W
1007458	0.5 MI E. of I74 and US 34 Galesburg, IL	40-58-40N	90-19-40W
1050289	NE Corner Seyborn Ave/UPR T Hillsboro, IL	39-8-14.1N	89-29-15.3W
1050287	4.5KM WW of Raritan, IL	40-40-27.1N	90-52-16.4W
1007450	0.5 MI West of Rising, IL	40-09-28N	88-20-23W
1007453	Staunton, IL	39-2-37.1N	89-44-56.3W

HUMAN RESOURCES

ILLINOIS DEPARTMENT OF HUMAN RIGHTS ("IDHR") VENDOR NUMBERS

There is a requirement to be certified by the IDHR to do business with the State of Illinois. The Bidder's Application Form and the IDHR Form must be completed, approved, and on file with the State of Illinois before a contract can be awarded to any vendor. IPC has complied with these requirements and received facility numbers for each of its major facilities. This is not required yearly; it is performed as required by the state.

CITY OF CHAMPAIGN ANNUAL CERTIFICATION OF COMPLIANCE

A City of Champaign ordinance requires vendors to provide necessary affirmative action and equal employment opportunity-related documents annually to be approved to do business with the City of Champaign for a period of one year. IPC's current Certificate of Compliance expires on August 31, 2004.

OTHER

All certificates of public convenience and necessity issued by ICC to IPC.

ENVIRONMENTAL PERMITS (BY TYPE AND AREA)

AIR	
Air Stripper	Belleville MGP
-	
Methanol Storage Tank	Hillsboro Gas Storage Field
	Shanghai Gas Storage Field
Boilers and Oxidizer	Freeburg Gas Storage Field
Gasoline Storage Tank	Belleville Service Area
	Bloomington Service Area
	Champaign Service Area
	Danville Service Area
	Headquarters - Decatur
	Decatur Service Area
	East St. Louis Service Area
	Maryville Service Area
	Sparta Service Area
Title V Permit for Diesel Generators - Permit is jointly owned with State Farm	Bloomington
WATER	
Land Applicaton/Land Treatment of Hydrostatic Test Waters	Various - Generic Permit
Treatment and Land Application of Formation Waters	Shanghai Gas Storage Field
Storm Water during Construction Activities	27th St. Substation - Decatur
	North Decatur Substation
WASTE	
PCB Storage	LaSalle Service Area
MISCELLANEOUS	
Open Burning Permit for Fire Fighting Training #B0311043	Various locations where training will occur

EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.12(c)

MUNICIPAL FRANCHISE AGREEMENTS

See attached.

ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Freeburg	Belleville	None	03/16/2010
Mascoutah	Belleville	00/00/2007	04/13/2010
Alorton	E. St. Louis	None	08/24/2024
Breese	E. St. Louis	None	01/01/2013
Carlyle	E. St. Louis	None	01/01/2008
E. St. Louis	E. St. Louis	None	05/05/2014
Fairmont City	E. St. Louis	None	08/02/2016
Sauget *	E. St. Louis	None	10/2/2026
Washington Park	E. St. Louis	None	03/25/2015
Maquon	Galesburg	None	10/01/2013
Roseville	Galesburg	None	10/01/2016
Andover	Kewanee	None	10/01/2016
Matherville	Kewanee	None	10/01/2013
Reynolds	Kewanee	None	10/01/2014
Sherrard	Kewanee	None	10/01/2014
Ladd	LaSalle/Ottawa	None	10/01/2009
Lostant	LaSalle/Ottawa	None	10/01/2012
Ogelsby	LaSalle/Ottawa	None	09/18/2030
Peru	LaSalle/Ottawa	None	06/06/2010
Rutland	LaSalle/Ottawa	None	10/01/2012
Toluca	LaSalle/Ottawa	None	10/01/2012
Tonica	LaSalle/Ottawa	None	10/01/2012
Wenona	LaSalle/Ottawa	None	10/01/2012
Hartford	Maryville/River Bend	None	11/01/2013
Highland	Maryville/River Bend	None	05/25/2011
Mt. Vernon	Mt. Vernon/Centralia	07/20/2048	04/17/2027
St. Clair County	Belleville	09/28/1997	None
Normal	Bloomington	11/21/1997	None
Pinckneyville	Sparta	04/28/2000	None
Kappa	Bloomington	11/25/2048	None
Bluford	Mt. Vernon/ Centralia	07/28/2049	None

* This community has adopted a new Electric and/or Gas Franchise Ordinance since the beginning of the Franchise Renewal Program initiated in 1991.

ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Vandalia	Hillsboro	10/17/2025	None
Dupo *	E. St. Louis	01/08/2026 *	None
O'Fallon	E. St. Louis	11/14/2026 *	12/31/2019
LeRoy*	Bloomington	11/14/2026 *	None
New Bedford *	Kewanee	01/26/2026	None
Galva*	Kewanee	04/02/2026	04/02/2026
Lebanon *	E. St. Louis	01/11/2026	04/01/2010
Long Creek	Decatur	05/04/2026	None
Cambridge *	Kewanee	05/29/2026	09/02/2020
El Paso*	Bloomington	09/11/2026	None
Abingdon*	Galesburg	09/11/2026	10/01/2004
Wyanet*	Kewanee	10/22/2026	10/01/2011
New Athens*	Belleville	05/06/2027	11/28/2010
Mt. Olive	Hillsboro	04/17/2027	04/17/2027
Staunton	Hillsboro	05/07/2027	04/13/2028
Spring Valley	LaSalle/Ottawa	06/10/2049	10/31/2027
Oreana	Decatur	10/1/2027	07/25/2016
LaHarpe	Galesburg	02/21/2028	None
Oquawka	Galesburg	02/07/2028	None
Germantown	E. St. Louis	04/15/2004	10/01/2012
Albers	E. St. Louis	12/10/2004	10/01/2013
Bloomington	Bloomington	08/10/2005	None
Lynnville	Jacksonville	05/16/2006	None
Carlinville	Hillsboro	07/13/2006	07/13/2006
Salem	Mt. Vernon/ Centralia	08/17/2006	None
Old Shawneetown	Eldorado	10/12/2006	None
Wapella	Bloomington	01/29/2007	10/01/2013
North Henderson	Galesburg	04/03/2008	10/01/2015

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Forsyth	Decatur	05/29/2008	10/01/2012
Goodfield	Bloomington	11/12/2008	None
Alpha	Kewanee	03/26/2009	10/01/2012
Rio	Galesburg	04/02/2009	10/01/2015
Seaton	Galesburg	06/17/2009	10/01/2016
Keithsburg	Galesburg	08/24/2009	10/01/2014
Raritan	Galesburg	08/24/2009	None
Joy	Kewanee	12/16/2009	10/01/2012
McNabb	LaSalle/Ottawa	01/04/2010	10/01/2016
New Boston	Kewanee	02/02/2010	None
Marseilles	LaSalle/Ottawa	02/20/2010	None
Congerville	Bloomington	04/13/2010	None
New Windsor	Kewanee	04/25/2010	10/01/2012
Carlock	Bloomington	05/26/2010	None
Decatur	Decatur	08/22/2010	08/22/2010
Alexis	Galesburg	03/10/2011	10/01/2015
Woodhull	Kewanee	03/21/2011	10/01/2012
Viola	Kewanee	04/17/2011	04/21/2022
Mackinaw	Bloomington	11/03/2011	None
Clinton	Bloomington	01/03/2012	01/03/2012
Monmouth	Galesburg	01/09/2012	01/09/2012
Wood River	Maryville/River Bend	04/04/2013	04/04/2013
Central City	Mt. Vernon/ Centralia	04/23/2013	04/23/2013
Junction City	Mt. Vernon/ Centralia	04/23/2013	04/23/2013
Dix	Mt. Vernon/ Centralia	05/15/2013	10/01/2017
Knoxville	Galesburg	06/21/2013	06/13/2013
Shiloh	Belleville	06/24/2013	07/02/2021

* This community has adopted a new Electric and/or Gas Franchise Ordinance since the beginning of the Franchise Renewal Program initiated in 1991.

ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Alhambra	Hillsboro	06/24/2013	10/01/2017
Chapin	Jacksonville	07/23/2013	10/01/2016
Tamaroa	Sparta	07/23/2013	10/01/2015
Venice	Granite City	12/13/2013	12/13/2013
Hamel	Maryville/River Bend	12/16/2013	12/17/2013
Roxana	Maryville/River Bend	12/16/2013	12/18/2013
Edwardsville	Maryville/River Bend	02/28/2014	02/28/2014
Good Hope	Galesburg	03/14/2014	None
National City	Granite City	03/30/2014	03/31/2014
Pontoon Beach	Granite City	04/13/2014	04/13/2014
Aledo	Kewanee	05/14/2014	None
Wilsonville	Hillsboro	06/23/2014	10/01/2013
Gillespie	Hillsboro	07/28/2014	07/28/2014
Keyesport	Hillsboro	07/28/2014	10/01/2016
Gulfport	Galesburg	08/05/2014	None
Panama	Hillsboro	08/05/2014	10/01/2017
Taylor Springs	Hillsboro	08/12/2014	11/10/2019
Coffeen	Hillsboro	09/18/2014	10/01/2016
Greenville	Hillsboro	09/18/2014	08/25/2010
Schram City	Hillsboro	09/21/2014	03/08/2012
Pocahontas	Hillsboro	10/12/2014	09/06/2010
Henderson	Galesburg	10/27/2014	10/01/2016
Wataga	Galesburg	11/07/2014	10/01/2015
Harvel	Hillsboro	11/16/2014	10/01/2016
Irving	Hillsboro	11/19/2014	10/01/2012
Altona	Kewanee	11/25/2014	10/01/2015
Palmer	Hillsboro	11/30/2014	10/01/2016
Oneida	Kewanee	11/30/2014	10/01/2015
Lomax	Galesburg	12/10/2014	None
St. Augustine	Galesburg	12/11/2014	10/01/2016

* This community has adopted a new Electric and/or Gas Franchise Ordinance since the beginning of the Franchise Renewal Program initiated in 1991.

ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Raymond	Hillsboro	12/29/2014	10/01/2016
Mansfield	Champaign	12/30/2014	10/01/2008
Kirkwood	Galesburg	01/21/2015	10/01/2016
Morrisonville	Hillsboro	01/21/2015	10/01/2016
Butler	Hillsboro	01/22/2015	10/01/2016
DePue	LaSalle/Ottawa	02/12/2015	10/01/2012
Beckmeyer	E. St. Louis	02/17/2015	05/01/2013
St. Johns	Sparta	03/05/2015	03/05/2015
Mahomet	Champaign	03/17/2015	10/01/2008
Monticello	Champaign	03/19/2015	03/22/2015
Prairie City	Galesburg	03/19/2015	10/01/2016
Sciota	Galesburg	03/25/2015	None
Royal	Champaign	07/21/2015	10/01/2016
E. Gillespie	Hillsboro	08/23/2015	08/23/2015
Chester	Sparta	08/23/2015	None
Brighton	Hillsboro	09/22/2015	06/14/2018
Ruma	Sparta	10/09/2015	10/1/2017
Arenzville	Jacksonville	12/20/2015	10/01/2016
Ellis Grove	Sparta	01/03/2016	10/01/2017
Concord	Jacksonville	01/05/2016	10/01/2016
Baldwin	Sparta	01/11/2016	10/01/2017
Sawyerville	Hillsboro	03/16/2016	10/01/2012
Smithboro	Hillsboro	04/30/2016	10/01/2017
Ramsey	Hillsboro	05/10/2016	10/01/2017
Mulberry Grove	Hillsboro	05/18/2016	10/01/2017
Fillmore	Hillsboro	06/13/2016	10/01/2017
Donnellson	Hillsboro	06/24/2016	10/01/2017
Fithian	Danville	07/11/2016	10/01/2014
Bingham	Hillsboro	08/12/2016	10/01/2017

* This community has adopted a new Electric and/or Gas Franchise Ordinance since the beginning of the Franchise Renewal Program initiated in 1991.

ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Blandinsville	Galesburg	11/04/2016	None
Cahokia	E. St. Louis	11/14/2016	11/10/2016
Campbell Hill	Sparta	11/17/2016	10/01/2013
Media	Galesburg	01/05/2017	None
Marissa	Sparta	02/27/2017	01/05/2011
DuBois	Sparta	08/15/2017	10/01/2018
Georgetown	Danville	10/06/2017	10/06/2017
Tilton	Danville	10/25/2017	10/25/2017
South Roxana	Maryville/River Bend	11/06/2017	10/03/2017
Woodlawn	Mt. Vernon/ Centralia	11/29/2017	12/08/2025
White City	Hillsboro	12/15/2017	10/01/2018
Sorento	Hillsboro	01/02/2018	10/01/2018
Vernon	Hillsboro	01/15/2018	10/01/2018
Centreville	E. St. Louis	03/14/2018	03/14/2018
DeLand*	Bloomington	04/08/2018	10/01/2012
Ogden	Danville	04/09/2018	10/01/2011
Irvington	Mt. Vernon/ Centralia	04/24/2018	10/01/2016
Willisville	Sparta	04/24/2018	10/01/2013
Ava	Sparta	05/15/2018	10/01/2013
Coulterville	Sparta	05/24/2018	10/01/2012
Cutler	Sparta	06/24/2018	10/01/2013
Percy	Sparta	06/24/2018	10/01/2012
Champaign	Champaign	07/02/2018	09/07/2017
New Baden	Belleville	07/25/2018	03/30/2010
Prairie du Rocher	Sparta	08/22/2018	11/17/2010
Eagarville	Hillsboro	12/12/2018	06/21/2010
Urbana	Champaign	01/23/2019	08/19/2014
Bonnie	Mt. Vernon/ Centralia	02/14/2019	06/26/2018
Thomasboro	Champaign	05/26/2019	None
Madison	Granite City	09/22/2019	02/28/2013

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Kewanee	Kewanee	01/02/2020	02/03/2027
Harristown	Decatur	01/12/2020	01/12/2020
Bunker Hill	Hillsboro	10/30/2020	10/01/2012
Stronghurst	Galesburg	11/21/2020	None
Panola	Bloomington	06/16/2021	None
Bondville	Champaign	10/18/2021	11/17/2021
East Alton	Maryville/River Bend	03/10/2022	03/10/2022
Gladstone	Galesburg	03/28/2022	None
Belleville	Belleville	09/14/2022	11/06/2013
Columbia	E. St. Louis	11/27/2022	06/29/2026
Jacksonville	Jacksonville	02/13/2024	12/31/2024
Savoy	Champaign	05/02/2024	07/28/2010
Biggsville	Galesburg	03/25/2025	None
Kell	Mt. Vernon/ Centralia	04/28/2025	10/01/2017
LaFayette	Kewanee	03/15/2026	None
Damiansville	E. St. Louis	12/08/2027	12/07/2027
Granite City	Granite City	01/23/2029	07/24/2028
St. Jacob	Maryville/River Bend	04/26/2029	11/28/2010
New Douglas	Hillsboro	07/02/2029	10/01/2018
LaSalle	LaSalle/Ottawa	12/14/2029	07/05/2033
Grantfork	Maryville/River Bend	12/19/2029	None
Livingston	Hillsboro	07/06/2033	10/01/2012
Hillsboro	Hillsboro	07/11/2033	06/08/2012
Oakdale	Sparta	08/02/2034	None
Cedar Point	LaSalle/Ottawa	07/10/2036	10/01/2012
Addieville*	Mt. Vernon/ Centralia		10/01/2017
Chenoa*	Bloomington	07/22/2041	None
Bureau*	LaSalle/Ottawa	07/24/2041	10/01/2013
Malden*	LaSalle/Ottawa	07/25/2041	10/01/2015
Ashley*	Mt. Vernon/ Centralia	07/25/2041	10/01/2016

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Okawville*	Mt. Vernon/ Centralia	07/25/2041	10/01/2018
Mark*	LaSalle/Ottawa	07/26/2041	10/01/2012
Dover*	LaSalle/Ottawa	07/29/2041	10/01/2015
Waltonville*	Mt. Vernon/ Centralia	08/06/2041	10/01/2018
Hoyleton*	Mt. Vernon/ Centralia	08/07/2041	10/01/2015
Venedy*	Mt. Vernon/ Centralia	08/12/2041	10/01/2017
New Minden*	Mt. Vernon/ Centralia	08/13/2041	10/01/2016
Bethalto*	Maryville/River Bend	08/14/2041	08/14/2041
Sparta*	Sparta	08/19/2041	10/12/2010
Cherry*	LaSalle/Ottawa	08/20/2041	10/01/2012
Tilden*	Sparta	08/21/2041	11/28/2010
Maroa*	Bloomington	08/30/2041	10/01/2012
Wamac*	Mt. Vernon/ Centralia	09/24/2041	03/21/2016
Herrick*	Hillsboro	09/25/2041	None
Richview*	Mt. Vernon/ Centralia	09/25/2041	10/01/2016
Raleigh*	Eldorado	10/07/2041	None
South Jacksonville*	Jacksonville	10/19/2041	07/07/2008
Victoria*	Kewanee	10/29/2041	10/01/2016
Naplate*	LaSalle/Ottawa	10/30/2041	None
Worden*	Maryville/River Bend	11/01/2041	10/01/2012
Sheridan*	LaSalle/Ottawa	11/04/2041	None
Patoka*	Mt. Vernon/ Centralia	11/05/2041	10/01/2012
Newark*	LaSalle/Ottawa	11/09/2041	None
Odin*	Mt. Vernon/ Centralia	11/15/2041	10/01/2012
Tiskilwa*	LaSalle/Ottawa	11/18/2041	None
Standard*	LaSalle/Ottawa	12/04/2041	10/01/2012
Nilwood*	Hillsboro	12/05/2041	None
Granville*	LaSalle/Ottawa	12/06/2041	10/01/2012

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Belgium*	Danville	12/10/2041	10/01/2013
Troy*	Maryville/River Bend	12/10/2041	12/10/2041
Sandoval*	Mt. Vernon/ Centralia	12/10/2041	07/13/2017
Brownstown*	Hillsboro	12/12/2041	None
Huey*	Mt. Vernon/ Centralia	12/16/2041	None
Towanda*	Bloomington	12/17/2041	None
Gridley*	Bloomington	12/19/2041	None
Indianola*	Danville	12/21/2041	None
Williamson*	Hillsboro	12/26/2041	10/01/2012
Galesburg*	Galesburg	01/03/2042	01/03/2042
Chrisman*	Danville	01/08/2042	None
Hollowayville*	LaSalle/Ottawa	01/08/2042	10/01/2013
Arlington*	LaSalle/Ottawa	01/13/2042	10/01/2012
Muncie*	Danville	01/17/2042	10/01/2014
Sidell*	Danville	01/20/2042	None
Marine*	Maryville/River Bend	01/22/2042	02/05/2042
Stanford*	Bloomington	01/24/2042	None
Neponset*	Kewanee	01/27/2042	10/01/2012
Smithton*	Belleville	01/31/2042	11/01/2010
Fayetteville*	Belleville	02/03/2042	10/01/2016
Colfax*	Bloomington	02/03/2042	None
Brooklyn*	Granite City	02/05/2042	02/05/2042
Equality*	Eldorado	02/06/2042	None
Ridge Farm*	Danville	02/07/2042	10/01/2012
Ottawa*	LaSalle/Ottawa	02/07/2042	None
Walnut Hill*	Mt. Vernon/ Centralia	02/11/2042	10/01/2015
Collinsville*	Maryville/Ri ver Bend	02/14/2042	02/14/2042
Swansea*	Belleville	02/19/2042	02/05/2014
Annawan*	Kewanee	02/19/2042	10/02/2007
Weldon*	Bloomington	02/21/2042	10/01/2012

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	EXPIRATION DATE GAS
Manlius*	Kewanee	02/27/2042	10/01/2013
Cerro Gordo*	Decatur	02/28/2042	10/01/2011
Mt. Clare*	Hillsboro	02/28/2042	10/01/2012
Mt. Zion*	Decatur	03/16/2042	10/06/2005
Caseyville*	Maryville/River Bend	03/16/2042	11/03/2015
Witt*	Hillsboro	03/17/2042	10/01/2012
Hennepin*	LaSalle/Ottawa	03/26/2042	06/24/2015
Millington*	LaSalle/Ottawa	04/03/2042	None
Secor*	Bloomington	04/09/2042	None
Dalton City*	Decatur	04/22/2042	10/01/2013
Atkinson*	Kewanee	04/22/2042	10/01/2007
Warrensburg*	Decatur	04/27/2042	06/01/2042
Westville*	Danville	04/29/2042	None
Dalzell*	LaSalle/Ottawa	05/11/2042	10/01/2012
Aviston*	E. St. Louis	05/20/2042	06/01/2013
Bartelso*	E. St. Louis	05/20/2042	10/01/2013
Summerfield*	E. St. Louis	05/20/2042	05/20/2042
Hecker*	Belleville	05/26/2042	10/01/2016
Valmeyer*	E. St. Louis	05/26/2042	10/01/2015
Millstadt*	Belleville	05/27/2042	04/02/2020
Mineral*	Kewanee	06/02/2042	10/01/2012
Flanagan*	Bloomington	06/10/2042	None
Bishop Hill*	Kewanee	06/10/2042	10/01/2017
Magnolia*	LaSalle/Ottawa	06/10/2042	10/01/2016
Little York*	Galesburg	06/12/2042	10/01/2016
Niantic*	Decatur	06/15/2042	10/01/2013
Avon*	Galesburg	06/17/2042	10/01/2016
North Utica*	LaSalle/Ottawa	06/17/2042	10/01/2011
Evansville*	Sparta	06/25/2042	10/01/2017

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE ELECTRIC	GAS
Seatonville*	LaSalle/Ottawa	07/01/2042	10/01/2013
Lenzburg*	Belleville	07/14/2042	10/12/2010
Cooksville*	Bloomington	08/07/2042	None
Standard City*	Hillsboro	08/10/2042	None
Steeleville*	Sparta	08/10/2042	10/01/2012
Centralia*	Mt. Vernon/ Centralia	08/11/2042	08/24/2014
Litchfield*	Hillsboro	08/12/2042	06/25/2013
Nashville*	Mt. Vernon/ Centralia	08/21/2042	None
Dorchester*	Hillsboro	08/24/2042	11/30/2031
Danvers*	Bloomington	08/25/2042	None
Hudson*	Bloomington	08/25/2042	None
Danville*	Danville	08/27/2042	01/21/2008
Cisco*	Decatur	09/10/2042	10/01/2016
E. Galesburg*	Galesburg	09/15/2042	09/15/2042
Troy Grove*	LaSalle/Ottawa	09/30/2042	None
Argenta*	Decatur	10/07/2042	10/01/2012
Dawson*	Decatur	10/09/2042	10/01/2014
Maryville*	Maryville/River Bend	10/30/2042	11/01/2010
Fairview Hts.*	E. St. Louis	11/06/2042	01/15/2021
LaMoille*	LaSalle/Ottawa	11/09/2042	10/01/2012
Enfield*	Eldorado	11/13/2042	None
Mechanicsburg*	Decatur	12/11/2042	10/01/2014
Mt. Auburn*	Decatur	12/18/2042	10/01/2012
Glen Carbon*	Maryville/River Bend	12/24/2042	12/24/2042
DeWitt*	Bloomington	12/28/2042	10/01/2016
Buffalo*	Decatur	03/02/2043	06/01/2043
Trenton*	E. St. Louis	04/01/2043	06/01/2013
Maeystown*	E. St. Louis	04/05/2043	None
Benld*	Hillsboro	04/06/2043	12/02/2003

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ATTACHMENT TO SCHEDULE 3.12(c)

Electric and Gas Franchise Ordinance Report
(Sorted by Electric Franchise Expiration Date)

MUNICIPALITY	REGION	EXPIRATION DATE	
		ELECTRIC	GAS
Ridgway*	Eldorado	06/14/2043	None
Illiopolis*	Decatur	06/24/2043	10/01/2013
Junction*	Eldorado	08/11/2043	None
Lexington*	Bloomington	09/13/2043	None
Shawneetown*	Eldorado	01/07/2044	None
E. Carondelet*	E. St. Louis	01/27/2044	10/01/2013
St. Libory*	Belleville	05/17/2044	10/01/2016
Pierron*	Hillsboro	05/17/2044	02/22/2033
Downs*	Bloomington	07/14/2044	None
Nason*	Mt. Vernon/ Centralia	11/02/2044	None
Sheffield*	Kewanee	02/20/2045	10/01/2007
Hoffman*	Mt. Vernon/ Centralia	08/09/2045	03/25/2029
Eldorado*	Eldorado	11/13/2045	None
Ellsworth*	Bloomington	08/09/2046	None
Buda*	Kewanee	12/23/2046	10/01/2012
DuQuoin*	Sparta	05/07/2047	05/07/2047

SCHEDULE 3.13(a)

EMPLOYEE MATTERS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.14

MATERIAL CONTRACTS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.15

INTELLECTUAL PROPERTY

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.16

REAL PROPERTY

None.

SCHEDULE 3.18

PERSONAL PROPERTY

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.19

AFFILIATE TRANSACTIONS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.21

[Filed confidentially pursuant to Rule 104]

SCHEDULE 3.23

REGULATORY PROCEEDINGS

1. In orders issued on November 17, 2003, and December 17, 2003, FERC directed the transmission providers, including IPC, to eliminate the charge for through-and-out transmission service as applied to requests made on or after November 17, 2003, for service that commences on or after April 1, 2004, when the power being delivered over IPC's transmission system ultimately sinks in the region comprised of PJM, the Midwest ISO, AEP, AMEREN, Dayton P&L, ComEd, or IP. The revenues lost due to the elimination of this charge can be recovered from the loads that benefit by the elimination of such charge via a "lost revenue recovery mechanism." This proceeding is on-going. IPC submitted the first of two required compliance filings on January 2, 2004 and will submit the second required compliance filing by February 13, 2004. FERC's decision in this proceeding is subject to requests for rehearing and appeal.

2. The ICC has been petitioned to investigate the financial and operating condition of IPC, pursuant to the action captioned Petition for an investigation into the conditions of Illinois Power Company, No. 03-0673, the People of the State of Illinois, by and through Lisa Madigan, Attorney General of the State of Illinois, the Cook County State's Attorney Office ex rel. Richard A. Devine, State's Attorney of Cook County, American Association of Retired Persons, Citizen Action/Illinois, Citizens Utility Board, Environmental Law and Policy Center, Illinois State Public Interest Research Group, Inc., Petitioners.

3. IPC filed a notice with the ICC under Section 16-111(g) of the IPUA with respect to a proposed amendment to the sublease between IPC and DMG relating to the Tilton Assets, as a result of which the ICC initiated an investigation. IPC subsequently filed a notice of withdrawal of the Section 16-111(g) notice and request for dismissal of the ICC investigation, which notice of withdrawal has not yet been acted upon by the ICC.

4. Pursuant to a letter dated January 30, 2004, FERC notified IPC that IPC had been selected, along with other companies, for inclusion in an industry-wide audit of Account 154 (Plant Materials and Operating Supplies) and Account 163 (Stores Expense Undistributed) to be conducted by the Office of the Executive Director, Division of Regulatory Audits.

SCHEDULE 3.24

HEDGING

None.

SCHEDULE 3.27

CLINTON NUCLEAR POWER STATION

[Filed confidentially pursuant to Rule 104]

SCHEDULE 4.3(a)

PURCHASER APPROVALS

1. Expiration of waiting period pursuant to HSR Act.

2. Approval by SEC pursuant to Section 9 of PUHCA. (Approval(s) by SEC pursuant to (i) Sections 6 and 7 of PUHCA, to the extent Purchaser intends to issue securities in connection with the transactions contemplated by the Agreement, and (ii) Section 13 of PUHCA, to the extent Purchaser plans to incorporate IPC into the services covered by Purchaser's service company.)

3. Approvals by ICC as described in Item I of Schedule 8.2(b).

4. Approval by the Federal Communications Commission pursuant to Section 310 of the Communications Act of 1934.

5. Receipt by Seller of a Final Order of FERC under Section 203 of the FPA for the transfer of IPC's jurisdictional facilities to Purchaser and for the transfer of the EEI Shares to Ameren Energy Resources Company.

6. Receipt by Seller of a Final Order of FERC under Section 205 of the FPA for approval of the PPA.

SCHEDULE 4.3(b)

PURCHASER CONFLICTS

The transactions contemplated by Section 5.15 may require a waiver under Purchaser's credit agreements.

SCHEDULE 5.1

CONDUCT OF BUSINESS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 5.1(f)

CAPITAL EXPENDITURES

[Filed confidentially pursuant to Rule 104]

SCHEDULE 5.3(b)

POTENTIAL REGULATORY COMMITMENTS AND CONDITIONS TO BE ACCEPTED BY PURCHASER

Purchaser shall make the following commitments in its application with ICC:

1. Purchaser will recapitalize IPC pursuant to the following steps:

a. Purchaser will cause an aggregate of at least $750 million principal amount of IPC long-term debt to be repurchased or retired on or before December 31, 2006.

b. Purchaser will cause IPC's common equity to total capitalization ratio to range between 50%-60% by December 31, 2006.

c. To the extent necessary to accomplish the above, Purchaser will cause IPC to repurchase its 11.50% first mortgage bonds by December 31, 2006.

2. Purchaser will cause IPC to expend between $275 million and $325 million on capital projects during Purchaser's first two years of ownership of IPC;

3. Purchaser will maintain the IPC headquarters in Decatur, Illinois for not less than five years following closing;

4. IPC workforce reductions resulting from the acquisition will not exceed 25 employees for a period of four years following Closing, except to the extent additional reductions occur through attrition or voluntary separation programs;

5. IPC will honor all existing labor agreements;

6. IPC employees, retirees and retirees' surviving dependents will remain in their current IPC benefit plans or be moved into appropriate Purchaser plans; and

7. IPC will establish a dividend policy comparable to the dividend policy of Purchaser's other Illinois utilities consistent with achieving and maintaining a common equity ratio between 50% and 60%.

SCHEDULE 5.7

PERMITTED INTERCOMPANY ARRANGEMENTS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 5.15

INTERCOMPANY NOTE

No more than two days prior to the Closing and no later than immediately prior to the Closing, Dynegy and Seller will cause the principal of and all accrued and unpaid interest on the Intercompany Note to be eliminated pursuant to the following steps:

o First, the principal amount of the Intercompany Note will be reduced in consideration of the assumption by Dynegy or Seller of (i) the recorded net deferred tax obligation of IPC and (ii) certain intercompany payables of IP, with the principal amount to be reduced by the amount of such assumed obligations.

o Second, Dynegy and Seller will cause IPC, immediately following such reduction, to distribute the remaining Intercompany Note (and all obligations associated therewith, including the remaining principal and any accrued and unpaid interest amount) to Seller.

The result of the foregoing transactions shall be the elimination of the receivable and payable associated with the Intercompany Note.

SCHEDULE 5.19

CONSENT SOLICITATION

[Filed confidentially pursuant to Rule 104]

SCHEDULE 5.24

SELLER'S IMPLEMENTATION PLAN OF SECTION 404 OF THE SARBANES-OXLEY ACT

[Filed confidentially pursuant to Rule 104]

SCHEDULE 6.1(c)

EMPLOYMENT AGREEMENT (ALTENBAUMER)

[Filed confidentially pursuant to Rule 104]

SCHEDULE 6.1(d)

EMPLOYMENT AGREEMENT (SCHUKAR)

[Filed confidentially pursuant to Rule 104]

SCHEDULE 6.1(e)

SELLER BONUS PLANS

[Filed confidentially pursuant to Rule 104]

SCHEDULE 6.1(g)

AFFILIATE EMPLOYEES

[Filed confidentially pursuant to Rule 104]

SCHEDULE 6.2(a)

SELLER PENSION PLANS

1. Dynegy Inc. Retirement Plan as Amended and Restated Effective December 1, 2001 (formerly known as the Illinois Power Company Retirement Income Plan for Salaried Employees)

2. Illinois Power Company Retirement Income Plan for Employees Covered Under a Collective Bargaining Agreement As Amended and Restated Effective December 1, 2001

SCHEDULE 6.2(b)

SELLER SAVINGS PLANS

1.

Illinois Power Company Incentive Savings Plan As Amended and Restated Effective January 1, 2002, as further amended effective October 1, 2003 and January 1, 2004

2. Illinois Power Company Incentive Savings Plan for Employees Covered Under a Collective Bargaining Agreement As Amended and Restated Effective January 1, 2002, as further amended effective October 1, 2003 and January 1, 2004

SCHEDULE 7.7

PURCHASE PRICE ALLOCATION

Dynegy and Purchaser have agreed that $125,000,000 of the Purchase Price will be allocated to the EEI Shares and the balance of the Purchase Price will be allocated to the capital stock of IPC purchased from Seller.

SCHEDULE 8.1(b)

REQUIRED SELLER REGULATORY APPROVALS

1. A Final Order of the FERC under Section 203 of the FPA for the transfer of IPC's jurisdictional facilities to Purchaser and for the transfer of the EEI Shares to Ameren Energy Resources Company.

2. A Final Order of the FERC under Section 205 of the FPA for approval of the PPA.

3. A Final Order of the FERC under Section 203 of the FPA for approval of the Generation Agreement (to the extent the Generation Agreement involves the transfer of FERC-jurisdictional facilities).

4. A Final Order of the FERC under Section 205 of the FPA for approval of the Blackstart Agreement.

5. Any approvals of ICC necessary in connection with transactions necessary to fulfill IPC's obligations under Section 8.2(j).

6. A Final Order of ICC approving, pursuant to Sections 7-204 and 7-204A of the IPUA, of the acquisition by Purchaser of the Common Shares and of the Preferred Shares of IPC in accordance with the Agreement.

7. Approval of ICC pursuant to Section 7-101 of the IPUA for IPC to cancel the Intercompany Note in accordance with Section 5.15 of the Agreement.

8. Approval of ICC pursuant to Section 7-101 of the IPUA for the termination at Closing of (i) the Services and Facilities Agreement among IPC, Dynegy and other affiliates of Dynegy and (ii) Netting Agreement among IPC, Dynegy and other affiliates of Dynegy.

9. Receipt by the parties of all necessary approvals under the Public Utility Holding Company Act.

10. The waiting period applicable to the purchases of the Shares under the HSR Act shall have expired or been terminated.

11. Receipt from the FCC of authority to transfer radio, microwave and other private wireless telecommunications licenses from IPC to Purchaser.

SCHEDULE 8.1(e)

REQUIRED DYNEGY CONSENTS

1. Consents required under Dynegy's Credit Agreement.

SCHEDULE 8.2(b)

REQUIRED PURCHASER REGULATORY APPROVALS

I. ICC APPROVALS

(i) Approval of Purchaser's proposed recapitalization of IPC pursuant to Section 6-103 of the Illinois Public Utility Act ("IPUA"), including the elimination of all payables and receivables associated with the Intercompany Note;

(ii) Approval of IPC's entry into agreements with Affiliates of Purchaser, pursuant to Section 7-101 of the IPUA, for the provision of general services and fuel procurement services, for the allocation of tax liability, and for participation in a money pool;

(iii) Approval of Purchaser's acquisition of the Common Shares and of the Preferred Shares and of the transactions contemplated by the Agreement pursuant to Sections 7-204 and 7-204A of the IPUA and, to the extent required by ICC, pursuant to Section 7-102 of the IPUA;

(iv) A finding by ICC that Purchaser's acquisition of the Common Shares and the Preferred Shares is prudent and reasonable, and that the public will benefit thereby, taking into consideration the effect of the purchase on IPC's deferred tax balances and rate-base valuation; a finding and approval of Purchaser's proposed IPC accounting entries associated with the acquisition, including the entries associated with the changes in the deferred tax balances;

(v) A finding by ICC, pursuant to Section 7-204(c) of the IPUA, that IPC should be allowed to amortize ratably over the period 2005-2010 no less than $100 million of costs incurred in accomplishing the reorganization of IPC, and to recover the unamortized portion over the period 2007-2010;

(vi) Termination of ICC's restriction on IPC's ability to declare and pay dividends on its common stock, imposed in ICC Docket 02-0561, and approval for IPC to declare and pay dividends when its first mortgage bonds are rated either: (i) at least BBB- by Standard & Poors or (ii) at least BAA3 by Moody's Investor Services;

(vii) Approval, pursuant to Section 9-201 of the IPUA, of electric automatic adjustment clause tariff riders not materially and adversely different than as proposed by Purchaser, to become effective on January 2, 2007, under which IPC may recover the prudent costs, net of insurance recoveries and other contributions, associated with any claims or damages related to asbestos exposure.

II. FERC

(i) Receipt by Seller of a Final Order of FERC under Section 203 of the FPA for the transfer of IPC's jurisdictional facilities to Purchaser and for the transfer of the EEI Shares to Ameren Energy Resources Company.

(ii) Receipt by Seller of a Final Order of FERC under Section 205 of the FPA for approval of the PPA.

III. SEC

The parties shall have received all necessary approvals under the Public Utility Holding Company Act without any requirement relating to the divestiture of assets.

IV. DOJ/FTC

The waiting period applicable to the purchase of the Shares under the HSR ACT shall have expired or been terminated.

V. FCC

Receipt from the FCC of authority to transfer radio, microwave and other private wireless telecommunications licenses from IPC to Purchaser.

SCHEDULE 8.2(e)

REQUIRED PURCHASER CONSENTS

None.

EXHIBIT B-1(a)

AMENDMENT NO. 1 TO
STOCK PURCHASE AGREEMENT

THIS AMENDMENT NO. 1, dated as of March 23, 2004, to the STOCK PURCHASE AGREEMENT, dated as of February 2, 2004, is entered into by and among Ameren Corporation, a Missouri corporation ("Purchaser"), Illinova Corporation, an Illinois corporation ("Seller"), Illinova Generating Company, an Illinois corporation ("IGC"), and Dynegy Inc., an Illinois corporation ("Dynegy"). Dynegy, IGC and Seller are referred to herein as the "Dynegy Parties".

W I T N E S S E T H:

WHEREAS, Purchaser and the Dynegy Parties entered into a Stock Purchase Agreement, dated February 2, 2004 (the "Original Agreement"), providing for the sale to Purchaser of all of the capital stock of Illinois Power Company, an Illinois corporation, held by Seller, and IGC's 20% share of Electric Energy, Inc., an Illinois corporation; and

WHEREAS, Purchaser and the Dynegy Parties wish to amend the Original Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual terms, conditions and agreements set forth herein, the parties hereto hereby agree as follows:

Section 1 Defined Terms. All capitalized terms used and not defined herein have the meanings set forth in the Original Agreement.

Section 2 Amendments to Section 1.1.

A. The definition of "Ancillary Agreements" included in
Section 1.1 of the Original Agreement is amended to add the following after the reference to the "Tier 2 Memorandum,":

"the Interim PPA Rider,".

B. Section 1.1 of the Original Agreement is amended to add the following definition after the definition of Intercompany Note:

""Interim PPA Rider" means the agreement between DMG and IPC in the form of Exhibit I, with such changes as may be required by Governmental Authorities as a condition to approving the transactions or any portion thereof contemplated by this Agreement and the Ancillary Agreements that are required to be accepted by Seller or by Purchaser, pursuant to the provisions of Section 5.3 or are otherwise accepted by Seller and by Purchaser.".

Section 3 Amendment to Section 5.21. Section 5.21(b) of the Original Agreement is amended by changing the reference to "30 days" in the second sentence to "90 days".

Section 4 Amendment to Section 8.2(j). Section 8.2(j) of the Original Agreement is amended by deleting such Section and replacing it with the following:

"Solely if the Closing occurs after September 10, 2004, the Tilton Assets, or IPC's rights, interests, assets, liabilities and obligations with respect to the electric generating equipment and real estate at the Tilton Energy Center, shall have been transferred to DMG and IPC shall have no remaining obligations with respect to the Tilton Assets. For avoidance of doubt, it is the intent of this Section 8.2(j) that all of IPC's rights, interest, assets, liabilities and obligations with respect to the Tilton Assets, or IPC's rights, interests, assets, liabilities and obligations with respect to the electric generating equipment and real estate at the Tilton Energy Center, shall have been transferred to or otherwise come to be held by DMG, excluding only those rights, interests, assets, liabilities and obligations of IPC as a public utility that are necessary for the continued operation by DMG of the Tilton Energy Center, including IPC's rights, interests, assets, liabilities and obligations under the Interconnection Agreement and the gas service contracts listed on Schedule 3.19. Nothing herein shall preclude DMG from acquiring the Tilton Assets, or the electric generating equipment and real estate at the Tilton Energy Center, at any time prior to September 10, 2004."

Section 5 Amendment to Schedule 5.3(b). Schedule 5.3(b) to the Original Agreement is amended as set forth in Exhibit 1 hereto.

Section 6 Amendment to Schedule 5.15. Schedule 5.15 to the Original Agreement is amended as set forth in Exhibit 2 hereto.

Section 7 Amendment to Schedule 8.1(b). Schedule 8.1(b) to the Original Agreement is amended as set forth in Exhibit 3 hereto.

Section 8 Amendment to Schedule 8.2(b). Schedule 8.2(b) to the Original Agreement is amended as set forth in Exhibit 4 hereto.

Section 9 Amendment to Exhibit B. Exhibit B to the Original Agreement is amended by changing the reference to "thirty (30) days" in the bracketed note at the top of page 1 of Exhibit B to "ninety (90) days".

Section 10 Amendment to Exhibit F. Exhibit F to the Original Agreement is amended by replacing the agreement attached as Exhibit F with the Form of Blackstart Agreement attached hereto as Exhibit 5.

Section 11 Addition of Exhibit I. The Original Agreement is amended by adding, immediately following Exhibit H, a new Exhibit I containing the form of Interim PPA Rider attached hereto as Exhibit 6.

Section 12 No Other Amendments. Except as set forth herein, the Original Agreement remains in full force and effect.

Section 13 Counterparts. This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Seller, IGC, Dynegy and Purchaser have caused this Amendment No. 1 to the Original Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ILLINOVA CORPORATION

By: /s/ Robert T. Ray
Name: Robert T. Ray
Title: Senior Vice President & Treasurer

ILLINOVA GENERATING COMPANY

By: /s/ Robert T. Ray
Name: Robert T. Ray
Title: Senior Vice President & Treasurer

DYNEGY INC.

By: /s/ Robert T. Ray
Name: Robert T. Ray
Title: Senior Vice President & Treasurer

AMEREN CORPORATION

By: /s/ Steven R. Sullivan
Name: Steven R. Sullivan
Title: Senior Vice President, Regulatory Policy, General Counsel & Secretary

EXHIBIT 1

Amendment to Schedule 5.3(b)

The following is added at the end of Schedule 5.3(b):

"8. The balance sheet and income statement impacts of purchase accounting entries "pushed down" to the financial statements of IPC will not serve, individually or in the aggregate, to increase or decrease rate base, cost of service or any other factor upon which IPC's rates will be determined in future ICC proceedings (except as provided in clause (v) of Part I of Schedule 8.2(b) to the Agreement).".

EXHIBIT 2

Amendments to Schedule 5.15

The paragraphs describing the first and second steps are deleted in their entireties and the following are inserted in lieu thereof:

"First, the principal amount of the Intercompany Note will be reduced or offset by (i) the amount of certain payables owed by IPC to Seller or other Affiliates of Dynegy and (ii) the amount of interest that has then been paid by Seller to IPC on the Intercompany Note but has not been earned.

Second, Dynegy and Seller will, and Seller will cause IPC to, immediately following such reduction, eliminate or reduce the remaining balance of the Intercompany Note to zero, which elimination or reduction may occur (in whole or in part) through one or more of the following: (i) distribution of the Intercompany Note (net of any prepaid interest) to Dynegy or Seller; (ii) a repurchase of common equity by IPC from Seller;

(iii) the assignment of the Intercompany Note by IPC, after the balance thereof has been reduced by the amount of any prepaid interest thereon theretofore paid by Seller, to Dynegy or one of its Affiliates and subsequent elimination of the Intercompany Note; (iv) a release of Seller by IPC from Seller's remaining obligations under the Intercompany Note; or (v) other means reasonably acceptable to Dynegy and Purchaser. In furtherance of eliminating or reducing the Intercompany Note, Dynegy and its Affiliates shall be freely permitted to assign to Seller any obligations of IPC or claims against IPC that they hold.".

EXHIBIT 3

Amendment to Schedule 8.1(b)

The following is added at the end of paragraph 2 of Schedule 8.1(b): "and the Interim PPA Rider".

EXHIBIT 4

Amendment to Schedule 8.2(b)

The following is added at the end of clause (iv) of the section of Schedule 8.2(b) captioned "I. ICC APPROVALS":

"For purposes of this clause (iv), the expression "Purchaser's proposed IPC accounting entries associated with the acquisition" shall refer to (1) the application of purchase accounting to the acquisition and the "push-down" of associated accounting entries to the financial statements of IPC, which together shall, among other things, cause the retained earnings balance of IPC to be zero immediately after the Closing, after giving effect to purchase accounting adjustments established in accordance with GAAP, and (2) the entries associated with the effect of the 338(h)(10) election on IPC's deferred tax balances. Purchaser shall commit, and the ICC shall find, that the balance sheet and income statement impacts of purchase accounting entries "pushed down" to the financial statements of IPC will not serve, individually or in the aggregate, to increase or decrease rate base, cost of service or any other factor upon which IPC's rates will be determined in future ICC proceedings (except as provided in clause (v) of this Part I of Schedule 8.2(b)).".

EXHIBIT 5

Form of Blackstart Agreement

BLACK START SERVICE AGREEMENT
BY AND BETWEEN
ILLINOIS POWER COMPANY AND
DYNEGY MIDWEST GENERATION, INC.

This Black Start Service Agreement is entered into as of the day of , 2004, by and between Illinois Power Company, an Illinois corporation ("Illinois Power"), and Dynegy Midwest Generation, Inc., an Illinois corporation ("DMG"), for the purpose of DMG providing Black Start Service to Illinois Power for purposes of system re-energization and restoration following a system-wide blackout on the Illinois Power T&D System.

W I T N E S S E T H:

WHEREAS, Illinois Power is the owner and operator of the Illinois Power T&D System;

WHEREAS, DMG is the owner and operator of certain fossil-fueled generating units that are listed on Schedule A which have the capability to be started without taking electric energy from the Illinois Power T&D System;

WHEREAS, such DMG generating units are interconnected to the Illinois Power T&D System;

WHEREAS, Illinois Power desires to have DMG provide Black Start Service for purposes of the re-energization and restoration of the Illinois Power T&D System following a system-wide blackout on the Illinois Power T&D System and DMG desires to provide such Black Start Service;

WHEREAS, Illinois Power and DMG have agreed to execute this Agreement in order to establish the terms and conditions of DMG's provision of Black Start Service to Illinois Power.

NOW, THEREFORE, in consideration of the mutual representations, covenants, and agreements hereinafter set forth, and intending to be legally bound hereby, Illinois Power and DMG covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND USAGES

1.1 Definitions. Whenever used with initial capitalization in this Agreement, the following terms shall have the following meanings:

"Agreement" shall mean this Black Start Service Agreement between Illinois Power and DMG, including all Schedules attached hereto, and any amendments hereto or thereto.

"ADR" shall mean Alternative Dispute Resolution.

"Applicable Laws and Regulations" shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

"Black Start Capable" shall mean an electric generating unit that is capable of being started without electrical energy being supplied from the Illinois Power Transmission System or the Illinois Power Distribution System.

"Black Start Service" shall mean the services provided by DMG to Illinois Power under the terms of this Agreement to deliver electric energy to Illinois Power at the Interconnection Point(s) following a Blackout.

"Blackout" shall mean a total or partial loss or interruption of electric power on the Illinois Power T&D System that requires the delivery of electric energy from one or more of the Units to restart Designated Generation Resources to re-energize and restore the Illinois Power T&D System to normal operating condition.

"Breaching Party" shall have the meaning assigned to such term in
Section 11.2 of this Agreement.

"Claim" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Confidential Information" means any plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party regardless of whether such Confidential Information is conveyed orally, electronically, in writing, through inspection, observed by either Party while visiting the premises of the other Party, or otherwise deduced by the other Party.

"Default" shall have the meaning assigned to such term in Section 11.2 of this Agreement.

"Designated Generation Resource" shall mean the generating unit listed on Schedule A as being the generating resource to be started with electric energy supplied by the applicable Unit or Units.

"Designated Transmission Path" shall mean the direct transmission circuit between the Interconnection Point for the applicable Unit(s) and the Designated Generation Resource as listed on Schedule A.

"DMG" shall have the meaning assigned to such term in the first paragraph hereof.

"Effective Date" shall mean the date on which this Agreement becomes effective in accordance with Section 2.1.

"Emergency" shall mean a condition or situation that, in the exercise of reasonable judgment, is deemed imminently likely to: (1) endanger public health, life or property; or (2) adversely affect or impair the Illinois Power T&D System, the Facilities, or the transmission and distribution systems of others to which the Illinois Power T&D System is directly or indirectly connected; provided, however, that conditions or situations caused solely by economic reasons shall not constitute an Emergency.

"Facility" or "Facilities" shall mean the Units and the generation-related assets used, owned and/or leased by DMG in connection with the Units and shall include such generation-related assets acquired by DMG after the Effective Date for use in connection with the Units.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor to the authority thereof.

"Force Majeure" shall mean an event or occurrence or circumstance beyond the reasonable control of and without the fault or negligence of, and that could not have been avoided by reasonable foresight and/or diligence by, the Party claiming Force Majeure, including, but not limited to, acts of God, labor dispute (including strike), flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, acts of public enemy, or explosion, which, in any of the foregoing cases, by the exercise of due diligence, including the taking of actions in accordance with Good Utility Practice, such Party is unable to overcome, and which wholly or in part prevents such Party from performing its obligations under this Agreement. Mere economic hardship of a Party does not constitute Force Majeure.

"Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice shall include, but not be limited to, compliance with Applicable Laws and Regulations, applicable standards, the National Electric Safety Code, and the National Electrical Code, as they may be amended from time to time, including the criteria, rules and standards of any successor organizations.

"Governmental Authority" shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide.

"ICC" shall mean the Illinois Commerce Commission or any successor to the authority thereof.

"Indemnified Party" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Indemnifying Party" shall have the meaning assigned to such term in Section 10.2.1 of this Agreement.

"Illinois Power" shall have the meaning assigned to such term in the first paragraph hereof.

"Illinois Power Distribution System" shall mean the facilities owned, controlled, or operated by Illinois Power, either jointly or individually, for the purposes of providing distribution services.

"Illinois Power Transmission System" shall mean the facilities owned, controlled, or operated by Illinois Power, either jointly or individually, for purposes of providing point-to-point or network transmission service under the OATT or the tariffs of an RTO.

"Illinois Power T&D System" shall mean the Illinois Power Transmission System and the Illinois Power Distribution System, collectively.

"Interconnection Points" are those points identified as Interconnection Points in the Second Revised Interconnection Agreement by and between Illinois Power Company and Dynegy Midwest Generation, Inc. dated as of

November 30, 2000, as revised as of March 29, 2001 and revised as of January 8, 2004, and as such agreement that may be amended from time to time.

"MAIN" shall mean the Mid-America Interconnected Network, a regional reliability governing body, or any successor to the authority thereof.

"NERC" shall mean North American Electric Reliability Council or any successor to the authority thereof.

"Net Electric Output" shall mean the total output of electric energy of each Unit identified in Schedule A, net of the auxiliary electric load of the applicable Facility, including transformer and other losses.

"Non-Breaching Party" shall have the meaning assigned to such term in Section 11.2 of this Agreement.

"OATT" shall mean Illinois Power's Open Access Transmission Tariff, on file with FERC, as it may be amended or superseded from time to time, under which transmission service is provided by or for Illinois Power over the Illinois Power T&D System, or any future transmission tariff on file with FERC governing transmission service over the Illinois Power T&D System, including, but not limited to, an RTO transmission tariff.

"Parties" shall mean Illinois Power and DMG collectively.

"Party" shall mean Illinois Power and DMG individually.

"Permitted Recipient" shall have the meaning assigned to such term in Section 14.3.

"Restoration Plan" shall have the meaning assigned to such term in Section 3.5.

"RTO" shall mean the regional transmission organization, if any, that assumes responsibility for operating the transmission systems of its transmission-owning members, including Illinois Power.

"Schedule" shall mean any of the schedules, designated as Schedule A and B, attached to this Agreement and which are incorporated herein by reference.

"Transmission Providers" shall mean those entities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce and are subject to the requirements of FERC Order No. 888, as amended, either by operation of law or voluntary submission to its requirements.

"Transmission Operator" shall mean the persons or entity designated by Illinois Power who coordinate the interconnection of the Facilities with the Illinois Power T&D System.

"Units" shall mean those Black Start Capable fossil-fueled generating units listed on Schedule A.

1.2 Interpretation. The following terms and conditions shall apply in any interpretation and construction of this Agreement.

1.2.1 Unless preempted by federal law, this Agreement, and the legal relations between the Parties with respect to this Agreement, shall be performed, interpreted and enforced in accordance with internal laws

of the State of Illinois without regard to rules concerning conflicts of law that would direct the application of the laws of any other jurisdiction.

1.2.2 This Agreement sets forth the entire understanding and agreement of the Parties as to the subject matter of this Agreement and merges and supersedes all prior written and oral understandings, offers, agreements, commitments, representations, writings, discussions or other communications of every kind between the Parties pertaining to Black Start Service and any such prior agreements, understandings, offers, agreements, commitments, representations, writings, discussions or other communications shall not be used in interpreting or construing this Agreement.

1.2.3 This Agreement may be amended or modified only by a writing executed by the authorized representatives of both Parties. Any purported amendment or modification that is not in writing and so executed shall be null and void from its inception.

1.2.4 No provision, condition or requirement of this Agreement may be waived except by mutual agreement of the Parties as expressed in writing and signed by both Parties. No waiver by either Party of the performance of any provision, condition or requirement herein shall be interpreted, construed or deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirement herein; nor shall it be interpreted, construed or deemed to be a waiver of, or in any manner release the other Party from future performance of the same provision, condition, or requirement; nor shall any delay or omission of a Party in exercising any right hereunder in any manner impair the exercise of any such right or any like right accruing to it thereafter.

1.2.5 The headings, captions and titles of this Agreement are inserted for convenience only and shall not be deemed part thereof or be taken into consideration in the interpretation or construction of this Agreement.

1.2.6 Whenever used herein the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

1.2.7 Wherever in this Agreement provision is made for a communication to be "written" or "in writing" this means any hand-written, typewritten or printed communication, including telex, cable and facsimile transmission, provided in accordance with Article 17.

1.2.8 Wherever in this Agreement provision is made for the giving of notice, consent or approval by any person, such notice, consent or approval shall be in writing and the word "notify" shall be construed accordingly, unless the text specifically allows or requires the notice, consent or approval to be given in a form other than writing.

1.2.9 References to day or days are references to calendar days, and unless otherwise noted, specifically include weekends, holidays, or other non-work days.

1.2.10 A reference to an Article, Section, Paragraph or Schedule is, unless otherwise noted, to an Article, Section, Paragraph or Schedule of or to this Agreement.

1.2.11 A reference to any agreement or document is to that agreement or document (including attachments, exhibits and schedules thereto and, where applicable, any of its provisions) as amended, novated, supplemented, assigned or replaced.

1.2.12 A reference to any Party to this Agreement includes its permitted

substitutes, successors and assigns.

1.2.13 Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

1.2.14 References to "include" and "including" shall be construed as "include, without limitation" and "including, without limitation."

1.2.15 A reference to any statute, regulation, proclamation, ordinance, or order includes all statutes, regulations, proclamations, ordinances, or orders varying, consolidating, or replacing such statute, regulation, proclamation, ordinance, or order and a reference to a statute includes all regulations, proclamations, ordinances, and orders issued under that statute.

1.2.16 A reference to any authority, association or body whether statutory or otherwise shall, in the event of any such authority, association or body ceasing to exist or being reconstituted, renamed or replaced or the powers or functions thereof being transferred to any other authority, association or body, be deemed to refer respectively to the authority, association or body established or constituted in lieu thereof or as nearly as may be succeeding to the powers or functions thereof.

1.2.17 All Schedules referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of any exhibit, schedule or other documents referenced herein, the terms and conditions of this Agreement shall govern and control.

1.2.18 If any provision of this Agreement is held to be illegal, invalid, or unenforceable and such invalidity or unenforceability does not have a material and substantial negative impact on the rights, duties and obligations of either Party hereto (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, (i) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and as may be legal, valid, and enforceable and (ii) such illegality, invalidity or unenforceability shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement nor the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

1.2.19 This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties, and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution of this Agreement.

ARTICLE 2
EFFECTIVE DATE; TERM; REGULATORY FILING

2.1 Effective Date. This Agreement shall be effective on , 2004, subject to acceptance by the FERC.

2.2 Term. This Agreement shall continue in effect until the earlier of December 31, 2006 or termination:
(i) pursuant to Article 12; or
(ii) upon mutual agreement of the Parties. Any termination under this Section 2.2 shall not take effect until FERC either authorizes any request for termination of this Agreement in accordance with its terms or accepts a written notice of termination.

2.3 Regulatory Filing. Following its execution by the Parties, DMG shall file this Agreement with FERC as required by the Federal Power Act. To the extent deemed necessary by Illinois Power, Illinois Power may file this Agreement with the ICC following its execution by the Parties. The Parties agree to reasonably cooperate with each other with respect to such filing and provide any information, including the filing of testimony, reasonably required by the filing Party to comply with applicable filing requirements.

ARTICLE 3
BLACK START SERVICE

3.1 Purpose of Service. The Parties acknowledge and agree that the purpose of this Agreement is solely to provide to Illinois Power at the Interconnection Points the electric energy necessary to start the Designated Generation Resources following a Blackout and that DMG is assuming no obligations with respect to the Units, the Designated Generation Resources or otherwise except as expressly set forth in this Agreement.

3.2 Service Provided. Subject to the terms and conditions of this Agreement, DMG shall provide Illinois Power with Black Start Service from the Units at the applicable Interconnection Points for the term of this Agreement.

3.3 Other Service Excluded. Black Start Service as provided for in this Agreement shall not include any other generating, capacity or ancillary services, and the provision of any such services by DMG to Illinois Power shall be pursuant to the terms and conditions of a separate agreement (s) for such service(s).

3.4 No Fees or Charges. DMG shall have no obligation to pay Illinois Power any wheeling or other fees, charges or compensation for electric power and/or energy transferred through Illinois Power's equipment or facilities pursuant to this Agreement, and Illinois Power waives any right it might otherwise have to collect such charges.

3.5 Restoration Plan. Illinois Power shall develop a plan, consistent with the terms and conditions set forth in this Agreement, including procedures and sequencing of actions and studies, modeling or simulations to confirm same, for re-energization and restoration of the Illinois Power T&D System to normal operation following a Blackout in consultation with DMG ("Restoration Plan"). Such Restoration Plan shall not obligate DMG to any service or requirements of Black Start Service over and above those set forth in this Agreement. Upon finalization of the Restoration Plan, Illinois Power shall provide DMG a copy of the Restoration Plan, including any studies, modeling or simulations performed in development of the Restoration Plan. The Restoration Plan shall become effective thirty (30) days after its receipt by DMG; provided, however, if the Restoration Plan requires substantial retraining of DMG personnel to implement, such Restoration Plan shall become effective upon completion of such training.

3.6 Restoration Plan Requirements. Both Parties acknowledge and agree that DMG acquired the Units from Illinois Power and that, although the Units have been sufficiently tested, studied and modeled to be determined to be Black Start Capable, the capabilities of the Units have not been tested, studied or modeled

to determine the capabilities of the Units under all conditions. Consequently, the Parties agree that the following requirements shall be reflected in the Restoration Plan.

3.6.1 Because the Units are not designed to, or capable of, maintaining voltage and frequency on the Illinois Power T&D System by themselves, Illinois Power shall ensure that the Designated Transmission Path:

(i) is de-energized and free of any faults prior to issuing any instructions to DMG pursuant to Article 5;

(ii) permits a steady state no load voltage of .95 per unit to be maintained by the Unit(s) at the Designated Generation Resource;

(iii) has sufficient load connected to it as is necessary to maintain stability and adequate voltage of the Designated Transmission Path once a Unit(s) has begun delivering electric energy to an Interconnection Point(s) of the Designated Transmission Path; and

(iv) is the lowest practical impedence transmission path to the applicable Designated Generation Resource.

3.6.2 Each Unit will deliver its Net Electric Output to the applicable Interconnection Point. Except as permitted pursuant to Paragraph 3.6.1(iii) above, a Unit will not be required to pick up any load other than the auxiliary electric load of the applicable Facility, including transformer and other losses, and starting loads of the Designated Generation Resource(s). Furthermore, the Unit(s) and the Facilities shall not be solely responsible for (i) re-energizing and/or restoring the Illinois Power T&D System to normal operating condition, (ii) maintaining voltage and frequency on the Illinois Power T&D System, (iii) picking up Illinois Power native load, or (iv) restoring transmission paths and interties with other electric transmission systems. Notwithstanding the immediately preceding sentence, each Unit shall continue to deliver electric energy to the applicable Interconnection Point pursuant to Illinois Power's instructions for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout.

3.6.3 If any Unit is not able to comply with the requirements of the Restoration Plan, the Party becoming aware of such noncompliance shall notify the other Party in writing. Following such notification, the Parties shall make a mutual determination of the Unit's ability to comply with the Restoration Plan regarding this parameter as of the date of the initial Black Start Capability verification test pursuant to Section 4.3 for the Unit. If such determination indicates that a Unit operating parameter did not permit compliance with the Restoration Plan as of the date of such test, the Restoration Plan shall be revised such that the determined capability regarding this parameter as of the date of such test shall become the standard for that Unit in determining compliance with the Restoration Plan. Notwithstanding the foregoing, DMG, consistent with Good Utility Practice, shall not knowingly cause or through degradation allow the Units to become unable to operate in a manner not in compliance with the Restoration Plan.

3.7 Electric Energy Output. Illinois Power shall have sole responsibility for the Net Electric Output of the Unit(s) providing Black Start Service following its delivery to Illinois Power as set forth in Section 5.4 below.

3.8 Compensation for Black Start Service. Illinois Power shall pay DMG for Black Start Service in accordance with Article 6 of this Agreement.

ARTICLE 4
BLACK START REQUIREMENTS AND TESTING

4.1 General. Subject to the terms and conditions of this Agreement, DMG shall demonstrate the capability of each Unit to provide Black Start Service to the Illinois Power T&D System at the applicable Interconnection Point on an annual basis.

4.2 Black Start Capability Requirements. Each Unit shall be required to meet the following criteria.

4.2.1 Each Unit shall have the ability to start within the time specified on Schedule A for that Unit without the input of electric power from another source that requires the delivery of such electric power over the Illinois Power T&D System.

4.2.2 Each Unit shall have the ability to close into a dead (de-energized) bus.

4.2.3 Each Unit shall have specific procedures for the initiation, maintenance and cessation of Black Start Service pursuant to this Agreement on site.

4.3 Black Start Capability Testing. Each Unit shall be tested as required by MAIN, NERC, or the applicable RTO to verify that it meets the requirements set forth in Section 4.2 above. Black Start Capability tests shall be scheduled by DMG in consultation with Illinois Power; provided, however, DMG shall have the right to final determination of test dates and schedules. Illinois Power shall, at its own expense, have the right to observe the testing of the Units and DMG shall provide Illinois Power notice of each test not less than five (5) business days prior to each initial test and as much notice as practicable of any retest pursuant to Section 4.3.5 below. Illinois Power shall own and have sole responsibility for the electric energy output of the Unit(s) during testing and, unless otherwise agreed by the Parties in advance of the test, shall pay DMG for such testing in accordance with Article 6 of this Agreement; provided, however, DMG shall not be entitled to compensation from Illinois Power for any test that is not successfully completed.

4.3.1 Annual Black Start Capability tests shall, at a minimum, include:

(i) starting and bringing the Unit to synchronous speed without an electrical feed from the Illinois Power T&D System; and

(ii) simulating switching needed to connect the Unit to the Interconnection Point following a Blackout.

4.3.2 The ability of a Unit to close into a dead (de-energized) bus as required under Paragraph 4.2.2 above may be demonstrated by opening the breaker on the high side of the Unit's generator step-up transformer and then closing the generator breaker on the low side of the Unit's generator step-up transformer without the generator breaker tripping open.

4.3.3 If a Unit fails to successfully complete a Black Start Capability test, DMG shall have a seven (7) day grace period within which it may retest the Unit without financial penalty. If the Unit does not successfully complete a new Black Start Capability test within the seven (7) day grace period immediately following a failed Black Start Capability test, DMG shall not be entitled to compensation from Illinois Power for the period from the time of the first unsuccessful test until the Unit

successfully completes a Black Start Capability test other than compensation for any test that is successfully completed.

4.3.4 DMG shall provide Illinois Power records of all Black Start Capability tests for each Unit. Such records shall include for each test:

(i) Unit location;
(ii) Unit name;
(iii) date(s) of the test;
(iv) method used to start Unit (diesel, compressed air, high pressure natural gas, etc.);
(v) duration of the test from start of the test until test terminated, including
  (a) time test started (de-energization of all sources of AC power to Unit);
  (b) time Unit startup initiated;
  (c) time Unit reached nominal voltage and frequency;
  (d) time breaker closed to energize equipment or load (if applicable); and
  (e) time Unit shut down or test concluded/terminated.
(vi) whether the Unit was able to start without being connected to the Illinois Power T&D System;
(vii) whether the Unit was able to close a circuit breaker into a dead (de-energized) bus, if applicable;
(viii) if a breaker was closed to energize equipment or load, a description of equipment or load energized;
(ix) whether the Unit successfully started;
(x) whether the Unit was able to reach nominal voltage and frequency under no load conditions and capable of supplying power;
(xi) an explanation of the cause(s) of any failed test and corrective actions taken; and
(xii) unless previously provided, a copy of the black start procedures for the Unit.

ARTICLE 5
BLACK START OPERATIONS AND MAINTENANCE

5.1 General. Illinois Power shall operate, maintain and control the Illinois Power T&D System and DMG shall operate, maintain and control the Units: (i) in a safe and reliable manner; (ii) in accordance with Good Utility Practice; (iii) in accordance with NERC and MAIN operational and/or reliability criteria, protocols, and directives applicable to black start operations; and (iv) in accordance with this Agreement. Consistent with the proceeding sentence, DMG has sole authority to determine whether and to what extent any Unit is available for operation and the extent and timing of any maintenance of the Units. DMG shall provide to Illinois Power reports concerning Unit maintenance as may be reasonably requested by Illinois Power.

5.2 Request for Black Start Service. Upon notice from Illinois Power of the existence of a Blackout, Illinois Power may request that DMG place the start up and operation of the Units under the control of Illinois Power's dispatcher or its designated representative for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout. Illinois Power's control of a Unit shall be implemented in a manner consistent with the Restoration Plan, Good Utility Practice, safe operating procedures, the design limits and equipment warranties of the Unit, and Applicable Laws and Regulations, including, but not limited to, the emissions limitations for the Unit as reflected in the Unit's air permit, and DMG shall have no obligation to comply with any operational request of Illinois Power that is not consistent therewith or that would place any Unit at risk. In addition, Illinois Power shall not unduly discriminate between the Units and other generating facilities providing similar service(s) to the Illinois Power T&D System; provided, however, that nothing in this provision shall require Illinois Power to request

the start up and operation of a Unit to provide Black Start Service before requesting similar service(s) from other generating facilities connected to the Illinois Power T&D System.

5.3 Initiation of Black Start Service. Subject to the requirements and limitations of Section 5.2 above, DMG shall comply with the operational instructions of Illinois Power's dispatcher or its designated representative related to Black Start Service for the duration of the re-energization and restoration of the Illinois Power T&D System following the Blackout. Upon receiving instructions to commence Black Start Service from a particular Unit(s), DMG shall use best efforts to man the Unit(s), prepare for black start operations, start the Unit(s) and be ready to commence generation of electric energy within the time specified in Schedule A.

5.4 Re-energization. Upon instructions from Illinois Power, DMG shall commence generation of electric energy with the specified Unit(s) and shall deliver same to the Interconnection Point associated with the Unit in question. Unless otherwise provided in the Restoration Plan, Illinois Power shall be responsible for taking all actions necessary to deliver electric energy generated by the Unit(s) from the Interconnection Point to the Designated Generating Resource over the Designated Transmission Path , including maintaining the Designated Transmission Path in a fault free condition, closing of any breakers on the Illinois Power T&D System and balancing connected load on the Designated Transmission Path to maintain stability thereon during and after startup of the Designated Generating Resource.

5.5 Cessation of Black Start Service. Upon DMG's receipt of notice from Illinois Power's dispatcher or its designated representative that the Illinois Power T&D System has been re-energized and restored to normal operation, DMG shall cease provision of Black Start Service to Illinois Power and resume its normal delivery schedule.

5.6 System Restoration Drills. DMG shall participate in any drills initiated by Illinois Power or its designated representative designed to simulate restoration of the Illinois Power T&D System following a Blackout; provided, however, DMG shall not be required to start or test any Unit(s) in conjunction with such drills. Illinois Power shall coordinate such drills with DMG.

ARTICLE 6
COMPENSATION, BILLING AND PAYMENT

6.1 Compensation. As compensation for DMG Black Start Service pursuant to this Agreement, Illinois Power shall pay DMG the amount calculated pursuant to Schedule B for Black Start Services provided to Illinois Power under this Agreement during the preceding month. In the event that any reference number or amount set forth in Exhibit D is no longer determined or published, DMG and Illinois Power shall mutually agree on the reference to be substituted for such reference number or amount. In addition, Illinois Power shall waive any and all charges under any agreement between Illinois Power and DMG, that DMG may incur in assisting Illinois Power in restoration of the Illinois Power T&D System following a total or partial blackout on the Illinois Power T&D System.

6.2 Invoices. Within a reasonable time after the first day of each month, DMG shall prepare and promptly deliver to Illinois Power an invoice for Black Start Services provided to Illinois Power under this Agreement during the preceding month. Each invoice shall delineate the month in which the Black Start Services were provided, fully describe the Black Start Services rendered, and be itemized to reflect the Black Start Services performed or provided.

6.3 Payment. Each Black Start Services invoice shall be paid within fifteen
(15) days of its receipt by Illinois Power. All payments shall be made by Illinois Power in immediately available funds payable to DMG, or by wire transfer to a bank named and account designated by DMG.

6.4 Payment Disputes. Illinois Power shall have until two (2) years after it receives an invoice to contest in good faith the correctness of any charge on such invoice. If Illinois Power disputes an invoice, or an adjustment thereto, Illinois Power will, if it has not yet paid such invoice, pay the full amount of the invoice, including the disputed portion thereof and immediately provide DMG with notice of the disputed amount and the basis for such dispute. DMG will promptly review the dispute, and will notify Illinois Power of any error in the invoice and refund the amount, if any, that Illinois Power is due as a result of such redetermination. If Illinois Power disagrees with DMG's redetermination, then Illinois Power may submit the matter to senior officers of Illinois Power and DMG for good faith discussion and resolution of the dispute. If such senior officers are unable to resolve the dispute following good faith discussions to do so, then either Party may proceed under the provisions of Article 16 for purposes of achieving a final resolution of such dispute. DMG will make any refunds required hereunder to Illinois Power no later than the fifteenth (15th) day after the later of: (i) receipt by Illinois Power of such notice of redetermination; (ii) resolution of such dispute by senior officers of Illinois Power and DMG; or (iii) final resolution of such dispute pursuant to Article 16. Refunds by DMG to Illinois Power under this Section 14.4 will include interest from the date of the original payment until the date such refund, together with interest thereon, is made, which interest will accrue at the rate provided for in Section 14.6.

6.5 Waiver. Payment of an invoice shall not relieve Illinois Power from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver by Illinois Power of any claims it may have arising under this Agreement.

6.6 Interest. Interest on any unpaid amounts shall be at a rate equal to two
(2) percentage points above the then effective monthly prime commercial lending rate per annum announced by Citibank, NA, New York, New York office, from time to time; provided, that for any period that such rate exceeds any applicable maximum rate permitted by law, the rate shall equal said applicable maximum rate. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment compounded quarterly. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt of payment by DMG.

6.7 Default. In the event Illinois Power fails to make payment to DMG on or before the due date, as set forth above, and such failure of payment is not corrected within thirty (30) calendar days after DMG notifies Illinois Power to cure such failure, a default by said Party shall be deemed to exist and the provisions of Article 11 shall apply.

6.8 Service During Dispute. In the event of a billing dispute between Illinois Power and DMG under Section 14.4, DMG shall continue to provide Black Start Service as long as Illinois Power complies with the provisions of Section 6.4.

6.9 Rebilling. DMG reserves the right to issue a revised invoice in the event the original invoice was inaccurate for any reason, provided such revised invoice is issued within two (2) years following the date on which the invoice to be corrected became due and payable. All invoiced amounts and payments under an invoice shall be deemed true and correct two (2) years following the date on which the invoice became due and payable and no revision thereof shall be made thereafter.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 DMG. DMG is duly organized and validly existing under the laws of the State of Illinois. DMG is qualified to do business under the laws of the State of Illinois, is in good standing under the laws of the State of Illinois, has the power and authority to own its properties, to carry on its business as now being

conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

7.2 Illinois Power. Illinois Power is duly organized, validly existing and qualified to do business under the laws of the State of Illinois, is in good standing under its certificate of incorporation and the laws of the State of Illinois, has the corporate authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

7.3 The Agreement. This Agreement is the legal, valid and binding obligation of each Party upon its execution by both Parties, and upon its acceptance by the FERC becomes enforceable in accordance with its terms, except as limited by Applicable Laws and Regulations.

ARTICLE 8
ASSIGNMENT

8.1 Successors and Assigns. This Agreement, and the rights and obligations created thereby, shall bind and inure to the benefit of the successors and permitted assigns of the Parties hereto.

8.2 Assignments Requiring Consent. Except as provided in Sections 8.3 and 8.4 below, neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, which consent shall not be unreasonably withheld or delayed, and any such assignment or delegation made without such written consent shall be null and void.

8.3 Assignments Not Requiring Consent.

8.3.1 Either Party may assign its rights or delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party to any person or entity that purchases or otherwise acquires, directly or indirectly, all or substantially all of the outstanding assets, shares of stock or other ownership interest, as applicable, of the assigning Party;

8.3.2 DMG may assign this Agreement or portion of this Agreement, as applicable, in conjunction with the sale of any Unit or all or any portion of the Facilities not rising to the level of "all or substantially all" of its assets, stock or other ownership interest without Illinois Power's written consent as long as the creditworthiness of the assignee, or any person or entity guaranteeing the assignee's obligations under this Agreement, if any, is equal to or better than that of DMG at the time of the sale, or Illinois Power shall receive other adequate assurance, in a form reasonably acceptable to DMG in its sole discretion, of such assignee's ability to fulfill all of the obligations of DMG under this Agreement with respect to such Unit or Facility(ies). DMG may also assign this Agreement or portion of this Agreement, as applicable, to any wholly-owned direct or indirect affiliate of DMG's parent which acquires DMG or any of the Units or Facilities without the written consent of Illinois Power.

8.3.3 Illinois Power may assign this Agreement to any wholly-owned direct or indirect affiliate of Illinois Power's parent which acquires Illinois Power or all of the Illinois Power T&D System or Illinois Power's business without the written consent of DMG. Further, if Illinois Power transfers operational control of all or any portion of the Illinois Power T&D System to an RTO, Illinois Power may assign this Agreement or portion of this Agreement, as applicable, to the RTO without the written consent of DMG, provided the RTO assumes in writing all or the duties and obligations of Illinois Power, existing and future, under this Agreement. The foregoing sentence notwithstanding, nothing contained herein shall limit the DMG's right to defend this Agreement or to challenge such assignment, or the terms or conditions thereof.

8.4 Financing or Refinancing.

8.4.1 Notwithstanding the provisions of Section 8.2, DMG may, without the written consent of Illinois Power, assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to any lender, whether as security for amounts payable or otherwise, under a financing, which financing may include without limitation, one or more leases (whether capital, operating, synthetic or otherwise), subleases, mortgages, loans, equity and/or debt issues (including bonds), the proceeds of which are used for purposes of financing or refinancing any or all of the Units or Facilities subject to this Agreement, including upon or pursuant to the exercise of remedies under such financing or refinancing, or by way of assignments, transfers, conveyances of dispositions in lieu thereof.

8.4.2 Illinois Power agrees, if requested by DMG, to enter into an agreement (in a form reasonably acceptable to Illinois Power) with the lender, pursuant to which Illinois Power will acknowledge the creation of security over DMG's rights under this Agreement and agree that, upon breach of this Agreement or any loan documents by DMG or the insolvency of DMG, the lender shall:

(i) have the right within a reasonable period of time as specified therein to cure any breach of this Agreement, provided the lender agrees to perform DMG's obligations under the Agreement during the cure period; and

(ii) have the right, upon cure any such breach of this Agreement, to assume all the rights and obligations of DMG under this Agreement.

8.5 Obligation of Continued Performance. Except for assignments that do not require the other Party's written consent, no assignment or transfer of rights or obligations under this Agreement by either Party shall relieve that Party from full liability and financial responsibility for the performance thereof after such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume all of the obligations and duties, existing and future, of the assigning or transferring Party and (i)(a) the non-assigning Party shall have received all amounts then due and payable to it under this Agreement, if any; and (b) the creditworthiness of such assignee, or any person or entity guaranteeing the assignee's obligations under this Agreement, if any, is equal to or better than that of the assignor at the time of the sale, or the non-assigning Party shall have received other adequate assurance of such assignee's ability to fulfill all of the obligations, including monetary obligations, of the assignor under this Agreement, in a form reasonably acceptable to the non-assigning Party in its sole discretion, or (ii) the non-assigning Party has consented in writing to release the assigning Party from liability and financial responsibility for the performance of the assigning Party's obligations under this Agreement, such consent not to be unreasonably withheld.

ARTICLE 9
FORCE MAJEURE

9.1 Force Majeure Events. Notwithstanding anything in this Agreement to the contrary, neither Party shall be liable in damages or otherwise responsible to the other Party for a failure to carry out any of its obligations under this Agreement, other than the obligation to pay an amount when due, if and only to the extent that it is unable to so perform or is prevented from performing by a Force Majeure Event. Such exclusion from liability shall extend only for the period of time necessitated by such Force Majeure Event. Nothing herein shall be construed to require any Party to settle a labor dispute, lockout or strike.

9.2 Notice. The Party claiming Force Majeure shall give notice to the other Party of any Force Majeure Event as soon as reasonably practicable, but not later than two (2) days after the date on which such Party knew of the commencement of the Force Majeure event.

9.3 Procedures for Force Majeure Event. If a Party claims the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then such Party shall: (i) provide prompt written notice of such Force Majeure Event to the other Party giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise all reasonable efforts to continue to perform its obligations under this Agreement; (iii) expeditiously take all reasonable action to correct or cure the Force Majeure Event; and (iv) provide prompt notice to the other Party of cessation of the Force Majeure Event. All performance obligations hereunder shall be extended by a period equal to the period during which either Party's obligations were suspended as a result of a Force Majeure Event.

ARTICLE 10
LIABILITY AND INDEMNIFICATION

10.1 Limitation of Liability. Except as otherwise expressly provided in this Agreement, neither Illinois Power nor DMG, nor their respective officers, directors, agents, employees, parents, affiliates, or successors or assigns of any of them, shall be liable to the other Party or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns for claims, suits, actions or causes of action for incidental, punitive, special, indirect, or consequential damages (including, without limitation, attorneys' fees or litigation costs, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, or loss of use of revenues or loss of anticipated profits), resulting from either Party's performance or non-performance of an obligation imposed on it by this Agreement , including, without limitation, any such damages which are based upon causes of action for breach of contract, tort, breach of warranty or strict liability, save and except to the extent that such damages are caused by the negligence or willful misconduct of Illinois Power, or DMG, or their respective officers, directors, agents, employees, parents or affiliates. The provisions of this
Section 10.1 shall survive termination, cancellation, suspension, completion, or expiration of this Agreement.

10.2 Indemnification.

10.2.1 Mutual Obligation. Each Party ("Indemnifying Party") shall indemnify, defend and hold the other Party, its parent, affiliated and subsidiary and its and their partners, directors, officers, employees, stockholders, representatives, servants, and agents (including but not limited to contractors and their employees) (each and "Indemnified Party") harmless from and against all liabilities, damages, losses, penalties, claims, demands, costs or expenses (including court costs, reasonable attorneys' fees and other costs of defense), suits and proceedings of any nature whatsoever for any personal injury (including death) or any property damage ("Claim") that occurs or arises out of or otherwise results from or is in any manner

connected with the performance or nonperformance of this Agreement by the Indemnifying Party save and except to the extent that such injury or damage is attributable to the gross negligence or willful, wanton or purposeful misconduct of the Indemnified Party.

10.2.2 Indemnification Procedures.

10.2.2.1 Notice. The Indemnified Party shall give the Indemnifying Party prompt notice of the assertion of a Claim or of the commencement of any action or proceeding with respect to a Claim. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been, or may be sustained by, the Indemnified Party. In the event that the Indemnified Party fails to provide prompt notice of a Claim and the Indemnifying Party is actually and materially prejudiced as a result, the Indemnifying Party shall have no further liability under the indemnification provisions of this Agreement with respect to such Claim.

10.2.2.2 Defense of Claim. Promptly after receipt by the Indemnifying Party of notice of any Claim or notice of the commencement of any action, administrative or legal proceeding, or investigation with respect to a Claim, the Indemnifying Party shall assume the defense thereof with counsel designated by the Indemnifying Party and satisfactory to the Indemnified Party, such satisfaction not to be unreasonably withheld; provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnifying Party shall have reasonably concluded that there may be legal defenses available to the Indemnified Party with respect to a Claim which are different from or additional to, or inconsistent with, those available to the Indemnifying Party, then the Indemnifying Party shall so notify the Indemnified Party and the Indemnified Party shall have the right to select separate counsel to participate in the defense of such Claim on behalf of the Indemnified Party at the expense of the Indemnifying Party. Except as provided in Section 10.2.2.4 below, neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, such consent shall not be unreasonably withheld or delayed.

10.2.2.3 Right to Assume Defense. If a Party believes itself entitled to indemnification under this Agreement with respect to a Claim, and the Indemnifying Party fails or refuses to assume the defense of such Claim after receiving notice of same pursuant to Section 10.2.2.1, the Indemnified Party shall have the right, but not the obligation, to contest or settle such Claim and submit the issue of indemnification for resolution pursuant to Article 16.

10.2.2.4 Indemnified Amount. In the event that a Party is obligated to indemnify and hold the other Party and its successors and assigns harmless under this Article 10, the amount owing to the Indemnified Party will be the amount of the Indemnified Party's actual out-of-pocket loss net of any insurance proceeds received or other recovery actually received by or applied for the benefit of the Indemnified Party.

10.2.3 Employees. Each Party shall comply with applicable worker's compensation laws, and the indemnities of this Article 10 shall be fully applicable to all claims and payments arising under such laws.

10.2.4 Survival. The indemnification obligations of each Party under this Article 10 shall continue in full force and effect regardless of whether this Agreement has either expired or been terminated or canceled.

ARTICLE 11
BREACH, CURE AND DEFAULT

11.1 Breach. A breach of this Agreement shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A breach of this Agreement shall include:

11.1.1 The failure to pay any amount when due;

11.1.2 The failure to comply with any material term or condition of this Agreement, including but not limited to any material breach of a representation, warranty or covenant made in this Agreement;

11.1.3 The appointment of a receiver or liquidator or trustee for the Party or of any property of the Party, and such receiver, liquidator or trustee is not discharged within sixty (60) days;

11.1.4 The filing of a case in bankruptcy or any proceeding under any other insolvency law against the Party by a third-party, and such case or proceeding has not been stayed or dismissed within sixty (60) days of filing; or

11.1.5 The filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law by the Party.

11.2 Cure and Default. Except for breaches set forth in Sections 11.1.3, 11.1.4, and 11.1.5 above, upon a Party's breach of its obligations under this Agreement, the other Party ("Non-Breaching Party") shall give the Party in breach ("Breaching Party") a written notice describing such breach in reasonable detail, including the nature of the breach and, where known and applicable, the steps necessary to cure such breach, and demanding that the Breaching Party cure such breach. The Breaching Party shall be deemed to be in "Default" of its obligations under this Agreement if: (1) it fails to cure its breach within thirty (30) days after its receipt of such notice, or (2) where the breach is such that it cannot be cured within such thirty-day period, the Breaching Party does not commence in good faith all such steps as are reasonable and appropriate to cure such breach within such thirty-day period and thereafter diligently pursue such action to completion. Breaches set forth in Sections 11.1.3 and 11.1.4, above shall become a "Default" upon the expiration of the time period set forth in such section. Breaches set forth in Section 11.1.5 above shall become a "Default" immediately upon the occurrence of the breach.

11.3 Right to Compel Performance. Notwithstanding the foregoing, upon the occurrence of a Default, the non-defaulting Party shall be entitled to (i) commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations under this Agreement in accordance with the terms and conditions hereof, and (ii) exercise such other rights and remedies as it may have in equity or at law.

ARTICLE 12
TERMINATION OF SERVICE

12.1 Expiration of Term. Except as otherwise specified in this Article 12, this Agreement may only be terminated at the conclusion of the Term of this Agreement stated in Article 2 hereof.

12.2 Termination Upon Default. Subject to the limitations set forth in Section 12.3, in the event of Default by DMG, Illinois Power may only terminate this Agreement upon the later of:

12.2.1 Its giving of written notice of termination to DMG and any affected regulatory agency;

12.2.2 The filing at FERC of a notice of termination for the Agreement, which filing must be accepted by FERC; or

12.2.3 The receipt of any other regulatory approvals required for the termination of the Agreement.

12.3 Dispute As To Default. If a Party disputes that it is in Default, no termination of this Agreement may occur absent final resolution of such dispute pursuant to Article 16 and upon the satisfaction of all the conditions stated above in Section 12.2.

12.4 Survival of Rights. Termination of this Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date such termination becomes effective. Any provision of this Agreement that by its terms survives termination of this Agreement shall survive such termination.

ARTICLE 13
LABOR RELATIONS

Each Party shall promptly notify the other Party, orally and then in writing, of any labor dispute or anticipated labor dispute of which its management has actual knowledge that might reasonably be expected to affect the operations of the other Party with respect to this Agreement.

ARTICLE 14
CONFIDENTIALITY

14.1 General. Except as otherwise provided in this Section, each Party shall hold in confidence and shall not disclose to any person Confidential Information, regardless of whether such Confidential Information was conveyed to the Party prior, or subsequent, to the execution of this Agreement.

14.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third Party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the other Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; or (5) was disclosed with the prior written approval of the disclosing Party.

14.3 Release of Confidential Information. Neither Party shall release or disclose any Confidential Information of the other Party: (1) to any persons other than its employees, agents, representatives, RTO, other Transmission

Providers, MAIN, or NERC (each, a "Permitted Recipient"); provided that: (1) any such disclosure to a Permitted Recipient will be only on a need-to-know basis in connection with this Agreement, and (2) such Permitted Recipient has first been advised of the confidentiality provisions of this Article 14 and has agreed to comply with such provisions, is bound by another confidentiality agreement acceptable to the Parties in their reasonable discretion, or by FERC Standards of Conduct regarding disclosure of information; or (2) as specifically provided in Section 14.7 below.

14.4 Rights. Each Party retains all rights, title and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

14.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness; provided, however that the Party receiving such Confidential Information shall be entitled to rely on such Confidential Information for the purposes of its performance of this Agreement. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

14.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations under this Agreement and not for any other purpose.

14.7 Order of Disclosure. If a Party is legally required to disclose Confidential Information of the other Party by law, rule, regulation, order or other governmental action, or action of any entity with the right, power, and authority to do so, including but not limited to subpoena, oral deposition, interrogatories, requests for production of documents, or administrative order, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver, the disclosing Party shall disclose such Confidential Information which in the opinion of its counsel the Party is legally required to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

14.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within thirty (30) days of receipt of a written request from the other Party, destroy, erase or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or tangible Confidential Information received from or on behalf of the other Party.

14.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Article 14. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, for any breach or threatened breach of the obligations of confidentiality imposed by this Article 14, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed to be an exclusive remedy for the breach of this Article 14, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 14,

unless disclosed through a Party's gross negligence or willful, wanton or purposeful conduct.

14.10 Press Releases. Each Party agrees to coordinate with the other Party all press, news, or other releases to the media related to this Agreement and to allow the other Party to review such releases prior to release.

ARTICLE 15
AUDIT RIGHTS

Subject to the requirements of confidentiality under Article 14 of this Agreement, either Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party to audit each other's accounts and records pertaining to either Party's performance and/or satisfaction of obligations arising under this Agreement within two (2) years from the date of such performance or satisfaction of such obligation. Said audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

ARTICLE 16
DISPUTES

16.1 Submission. Any claim or dispute which either Party may have against the other arising out of the Agreement shall be submitted in writing to the other Party within sixty (60) days after the claim or dispute initially arises. In the event of a dispute over payment, the Parties shall first utilize the dispute resolution provisions of Section 6.4 before utilizing the provisions of this Article 16. The submission of any claim or dispute under this Section 16.1 shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

16.2 Alternative Dispute Resolution. If any such claim or dispute arises, the Parties shall use their best efforts to resolve the claim or dispute, initially through good faith negotiations or upon the failure of such negotiations, through mutually agreed to ADR techniques; however, either Party may terminate its participation in ADR during any stage of ADR and proceed under Section 16.3.

16.3 Arbitration. If any claim or dispute arising hereunder is not resolved within sixty (60) days after notice thereof to the other Party, either Party may demand in writing the submission of the dispute to binding arbitration in Chicago, Illinois, or some other mutually agreed upon location and shall be heard by one neutral arbitrator under the American Arbitration Association's Commercial Arbitration Rules.

16.4 Time Limitation. Unless the Parties otherwise agree, the arbitration process shall be concluded not later than six (6) months after the date that it is initiated and the award of the arbitrator shall be accompanied by a reasoned opinion if requested by either Party. The arbitrator shall have no authority to award punitive or treble damages or any damages inconsistent with the provisions of this Agreement. The arbitration shall be conducted as a common law arbitration and the decision of the arbitrator rendered in such a proceeding shall be final. Judgment may be entered upon it in any court having jurisdiction.

16.5 Procedures. The procedures for the resolution of disputes set forth herein shall be the sole and exclusive procedures for the resolution of disputes; provided, however, that a Party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties will continue to participate in good faith in the procedures specified herein. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified herein are pending. The Parties will take any action, if any, required to effectuate such tolling. Each Party is required to continue to perform its undisputed obligations under this Agreement pending final resolution of a dispute. All negotiations pursuant to these procedures for the resolution of disputes will be confidential, and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

ARTICLE 17
NOTICES AND COMMUNICATIONS

17.1 Notices. All notices required or permitted under this Agreement shall be in writing unless otherwise specified in this Agreement and shall be personally delivered or sent by certified or registered first class mail with postage prepaid, facsimile transmission, or overnight express mail or courier service addressed as follows:

To DMG:

Notices

Dynegy Midwest Generation, Inc.
2828 North Monroe Street
Decatur, IL 62526-3269
Att: Senior Vice President

Phone: (217) 424-8326
Fax: (217) 424-8735

To Illinois Power:

Notices

Illinois Power Company
500 South 27th Street
Decatur, IL 62521
Att:

Phone: (217) 424-8328
Fax: (217) 362-7417

and

Illinois Power Company
500 South 27th Street
Decatur, IL 62521
Att: Transmission Operator

Phone: (217) 424-7071

Fax: (217) 424-8172

All such notices shall be deemed given upon receipt by the addressee.

17.2 Change of Address. Either Party may change its address and telephone numbers for notices by notice to the other in the manner provided above.

17.3 Oral Notice. Notwithstanding Section 17.1, any notice hereunder, with respect to an Emergency or other occurrence requiring prompt attention of the Party receiving such notice, or as necessary during day-to-day operations, may be made orally provided that such notice is confirmed in writing promptly thereafter. Notice in an Emergency, or as necessary during day-to-day operations, shall be provided, (i) if by Illinois Power, to a shift leader in the control room at the appropriate Facility and (ii) if by a Facility, to the Transmission Operator.

ARTICLE 18

MISCELLANEOUS PROVISIONS

18.1 Compliance With Law. This Agreement and all rights and obligations of the Parties hereunder are subject to all applicable state and federal laws and all applicable duly promulgated orders and regulations and duly authorized actions taken by the executive, legislative or judicial branches of government, or any of their respective agencies, departments, authorities or other instrumentalities having jurisdiction and in performing its obligations under this Agreement each Party shall comply with all such laws, orders and regulations.

18.2 Federal Power Act Rights Preserved. Nothing contained in this Agreement shall be construed as affecting in any way the ability of any Party to this Agreement to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder, including but not limited to, each Party's unilateral right to make application to FERC for a change in the rates, terms and/or conditions of this Agreement; provided, however, that the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956), and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine), shall not be applicable to either Party's application to FERC for a change in the rates, terms and/or conditions of this Agreement.

18.3 Taxes. Each Party agrees to pay any and all local, state, federal sales, use, excise or any other taxes which are now, or in the future may be, assessed and legally owed by such Party pertaining to goods provided and/or the services performed under this Agreement. Each Party shall be responsible for any income taxes that apply to the monies it receives hereunder.

18.4 Relationship of the Parties. Nothing in this Agreement is intended to create a partnership, joint venture or other joint legal entity making any Party jointly or severally liable for the acts of the other Party. Unless otherwise agreed to in a writing signed by both Parties, neither Party shall have any authority to create or assume in the other Party's name or on its behalf any obligation, express or implied or to act or purport to act as the other Party's agent or legal empowered representative for any purpose whatsoever. Each Party shall be solely liable for the payment of all wages, taxes, and other costs related to the employment of persons by that Party, including all federal, state, and local income, social security, payroll and employment taxes and statutorily-mandated workers' compensation coverage. Except as expressly provided for herein, neither Party shall be liable to any third party in any way for any engagement, obligation, commitment, contract, representation or for any negligent act or omission to act of the other Party.

18.5 No Third Party Rights. No person or Party shall have any rights or interests, direct or indirect, in this Agreement or the services or facilities to be provided hereunder, or both, except the Parties, their successors, and authorized assigns. The Parties specifically disclaim any intent to create any rights in any person or Party as a third-party beneficiary to this Agreement or to the services or facilities to be provided hereunder, or both.

18.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties' duly authorized representatives have executed this Agreement as of the Effective Date.

DYNEGY MIDWEST GENERATION, INC.	ILLINOIS POWER COMPANY
By: ----------	By: ----------
Name: ----------	Name: ----------
Title: ----------	Title: ----------

SCHEDULE A
to
Black Start Service Agreement
between
Illinois Power Company and Dynegy Midwest Generation, Inc
Dated _____, 2004

UNIT	DESIGNATED TRANSMISSION PATH	DESIGNATED GENERATION RESOURCE(S)	START TIME	
Oglesby 1	138 kV Line 1516	Hennepin 1	90 Minutes - Manned 120 Minutes - Unmanned	Start Time when Oglesby 1 is first Unit started
Oglesby 2	138 kV Line 1516	Hennepin 1	120 Minutes - Manned 150 Minutes - Unmanned	Start Time when Oglesby 1 is running and Oglesby 2 is second Unit started
Oglesby 3	138 kV Line 1516	Hennepin 1	150 Minutes - Manned 180 Minutes - Unmanned	Start Time when Oglesby 1 and 2 are running and Oglesby 3 is third Unit started
Oglesby 4	138 kV Line 1516	Hennepin 1	180 Minutes - Manned 210 Minutes - Unmanned	Start Time when Oglesby 1, 2 and 3 are running and Oglesby 4 is fourth Unit started
Stallings 1	138 kV Line 1456	Wood River 1-4	90 Minutes - Manned 120 Minutes - Unmanned	
Stallings 2	138 kV Line 1456	Wood River 1-4	90 Minutes - Manned 120 Minutes - Unmanned - Unmanned	
Stallings 3	138 kV Line 1456	Wood River 1-4	90 Minutes - Manned 120 Minutes - Unmanned	
Stallings 4	138 kV Line 1456	Wood River 1-4	90 Minutes - Manned 120 Minutes - Unmanned	

UNIT	DESIGNATED TRANSMISSION PATH	DESIGNATED GENERATION RESOURCE(S)	START TIME	
Tilton 1	138 kV Line 1572	Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	Start Time when Tilton 1 is first Unit started
Tilton 2	138 kV Line 1572	Vermillion 1-2	120 Minutes - Manned 150 Minutes - Unmanned	Start Time when Tilton 1 is running and Tilton 2 is second Unit started
Tilton 3	138 kV Line 1572	Vermillion 1-2	90 Minutes - Manned 180 Minutes - Unmanned	Start Time when Tilton 3 is first Unit started
Tilton 4	138 kV Line 1572	Vermillion 1-2	120 Minutes - Manned 150 Minutes - Unmanned	Start Time when Tilton 3 is running and Tilton 4 is second Unit started
Vermillion 3	Local Bus	Vermillion 1-2	90 Minutes	

SCHEDULE B
to
Black Start Service Agreement
between

Illinois Power Company and Dynegy Midwest Generation, Inc Dated _____, 2004

Compensation

1. Compensation to be paid by Illinois Power to DMG under Article 6 of the Agreement shall be calculated pursuant to the following formula:

Compensation = ({[(Fixed Black Start Costs)/12] + [(Variable Black Start Costs)/12] + [(Training Costs)/12] + [(Fuel Storage & Carrying Costs)/12] + (Energy Costs)} x [1+ Incentive Factor])

2. The Fixed Black Start Costs shall be calculated as follows:

Fixed Black Start Costs = CDR x 365 x Unit Cap x BSAF where:

CDR is the Capacity Deficiency Rate applicable in the PJM Interconnection, L.L.C. market for the year in question (i.e., the annualized per MW capital cost component of new combustion turbine).

Unit Cap is the generating units installed capacity.

BSAF is the black start allocation factor, which varies by unit type. The following values shall be used for the BSAF:

hydro: 0.01
diesel generator: 0.02
CT: 0.02

3. Variable Black Start Costs shall be calculated as follows:

Variable Black Start Costs = (Unit O&M x Y) where:

Y is the variable O&M factor.
Y = 1% (.01) unless another value is supported by the documentation of costs

4. Training Costs shall be calculated as follows:

Training Costs = [(50 staff-hours/year x 3 blackstart training locations x $75/hour)/12]

If DMG proposes the use of other variables, the basis for the variables proposed for use for a specific Unit must be documented.

5. Fuel Storage & Carrying Costs shall be calculated as follows:

FS&C Costs = (Run Hours) x (Fuel Burn Rate) x (12 Month Forward Strip + Basis) x (Interest Rate/12) where:

Run Hours are actual run hours required for Unit to run; provided, however, Run Hours shall not be less than 16 hours unless mutually agree by Illinois Power/RTO and DMG

Fuel burn rate is actual Unit fuel burn rate.

12 Month Forward Strip is the average of the forward prices for the actual fuel burned in the Unit.

Basis is the transportation costs from the location referenced in the forward price data to the Unit plus any variable taxes.

Interest Rate will be a representative annual interest rate.

If DMG proposes the use of other variables, the basis for the variables proposed for use for a specific Unit must be documented.

Note: This component applies only to oil-fired units as it is assumed that there is an inherent reserve available for hydro and gas units and that there would be no additional fuel storage or carrying charges necessary to maintain black start capability.]

6. Energy Costs shall be calculated as follows:

Energy Costs = (Run Hours) x (Energy Cost)

where:

Run Hours is the greater of 16 hours or the actual run hours of the Unit from start until restoration of the Illinois Power T&D System to normal operation.

Energy Cost is the price reported in as the "ComEd, into" price in Megawatt Daily under the "Day-ahead markets " column for the day and hour (On-Peak or Off-Peak) in question.

7. Incentive Factor

An incentive factor, Z, is applied to the cost values to incentivize DMG to provide Black Start Service.

Z = 10%

where:

Z is an incentive factor initially set to the above level and which will be periodically reviewed by Illinois Power and DMG, but all revisions must be mutually agreed. The defined black start costs are multiplied by the incentive factor to determine the incentive.

EXHIBIT 6

Exhibit I - Form of Interim PPA Rider

Dynegy Midwest Generation, Inc. Original Sheet No. 1 Rate Schedule FERC No. __

INTERIM PPA RIDER THIS INTERIM PPA RIDER (this "Agreement"), dated as of _____, 2004, between ILLINOIS POWER COMPANY, an Illinois corporation ("IP"), and DYNEGY MIDWEST GENERATION, INC., an Illinois corporation ("DMG"); (IP and DMG are sometimes referred to herein individually as a "Party" and collectively as "Parties");

WITNESSETH:

WHEREAS, IP and DMG's predecessor in interest, Illinova Power Marketing, Inc. ("WESCO"), are parties to that certain Power Purchase Agreement dated October 1, 1999, pursuant to which DMG sells capacity and energy to IP (the "PPA");

WHEREAS, IP and DMG are parties to that certain Negotiated Tier 1 Memorandum dated May 14, 2000, pursuant to which DMG sells capacity and energy to IP;

WHEREAS, IP and DMG are parties to that certain Negotiated Tier 2 Memorandum 2003-1 dated May 27, 2003, pursuant to which DMG sells energy to IP;

WHEREAS, Ameren Corporation, Illinova Corporation, Illinova Generating Company, and Dynegy Inc. are parties to that certain Stock Purchase Agreement dated February 2, 2004, pursuant to which Ameren Corporation will acquire all of the common and preferred stock of IP owned by Illinova Corporation (the "IP Sale"); and

WHEREAS, between the time of closing of the IP Sale and January 1, 2005, the Parties desire that DMG dispatch its electric generating units, rather than permitting IP to dispatch such units, except during situations necessitating reliability dispatch;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the Parties agree as follows:

1. Effective upon the closing of the IP Sale and continuing through December 31, 2004:

(A) Section 7 of the PPA shall be amended to read, in its entirety, as follows:
7. Capacity and Energy Scheduling and Dispatch

(a) Scheduling of IP Load

IP shall provide to WESCO hourly schedules of Scheduled IP Load for each Day by 8:00 A.M. Central Prevailing Time of the immediately preceding Day. IP shall be entitled to revise a previously submitted schedule for any hour by notice given to WESCO no later than 45 minutes prior to the start of such hour. The Scheduled IP Load in effect for an hour as of 44 minutes and 59 seconds prior to the start of such hour shall be the Final Scheduled IP Load for such hour. In the event IP fails to provide WESCO an hourly schedule by the required time, the forecasted IP Load specified for the applicable Day in the most recent rolling 10-Day Forecast, pursuant to
Section 7(g), shall be deemed to be the hourly schedule of Scheduled IP Load for such Day.

(b) WESCO Daily Capacity Schedule

For each Day, WESCO shall provide to IP, by 11:00 A.M. Central Prevailing Time of the immediately preceding Day, a Daily Capacity Schedule, setting forth the Units and other electric capacity resources available to WESCO that will be available on such Day to serve IP Load. The Daily Capacity Schedule shall state any Operating Limits on the capacity or availability of a Unit below its Net Dependable Capacity set forth on Appendix 1, and any limits on the availability of any other electric capacity resource included on such Daily Capacity Schedule. Such Daily Capacity Schedule shall designate, in the aggregate, available electric capacity which shall equal or exceed the sum of (i) Adjusted Tier 1 Capacity plus (ii) Negotiated Tier 2 Capacity, if any, for such Day.

(c) Removal or Reduction of Capacity Designated in Daily Capacity

Schedule

Issued by: [tbd] Effective: Date of Closing of Ameren Corporation Issued on: February 27, 2004 Acquisition of Illinois Power Company

WESCO shall inform IP as soon as possible of any Operating Limits or other occurrences which require that a Unit or other electric capacity resource available to WESCO be removed from service or limited in its availability or capacity below the level designated on the Daily Capacity Schedule. Subject to the provisions of Section 7(e), WESCO shall have sole authority to determine whether and to what extent a Unit or other electric capacity resource available to WESCO is available to serve IP Load and to impose Operating Limits on the availability or operation of any Unit. In the event the imposition of any such Operating Limit, or any other occurrence, causes the actual aggregate available electric capacity of the Units and other electric capacity resources otherwise designated as being available on the Daily Capacity Schedule to fall below the sum of the (i) Adjusted Tier 1 Capacity plus (ii) Negotiated Tier 2 Capacity, if any, WESCO shall immediately designate to IP sufficient additional electric capacity resources to eliminate such Capacity Deficiency. IP shall take reasonable actions, consistent with Good Utility Practice, to maintain the balance of electric supply and electric load on the IP System and in the IP Control Area, including but not limited to obtaining replacement or additional capacity and energy to replace all or a part of any electric capacity resource designated by WESCO on a Daily Capacity Schedule that has become unavailable or limited in its availability or capacity in any case in which WESCO fails to immediately designate sufficient additional generation resources to eliminate a Capacity Deficiency. WESCO shall reimburse IP for all costs incurred by IP in obtaining any replacement capacity or energy in accordance with this Section.

(d) Dispatch to Serve IP Load

Except as provided in Section 7(e), WESCO shall control the level of generation of the Units based on information provided by IP for purposes of ensuring reliability and balance of aggregate load and generation within the IP System and the IP Control Area, subject to any hourly or annual limits on WESCO's obligation to supply capacity and energy pursuant to this Agreement. WESCO shall Dispatch the Units in the manner required to support compliance with applicable requirements and guidelines of NERC, MAIN, any other regional reliability council of which the IP System or IP Control Area is a member, and the Independent System operator, and, subject to the foregoing requirements. WESCO shall Dispatch the Units: (i) in accordance with principles of economic dispatch, and (ii) subject to (a) the Design Limits set forth in Appendix 3, (b) any Operating Limits, and (c) any other limits imposed by WESCO in accordance with Sections 7(b) or 7(c).

(e) Reliability Dispatch

IP shall be authorized to direct WESCO (i) to Dispatch any Unit listed on the Daily Capacity Schedule out of economic order up to the limit of its available capacity, and (ii) to direct WESCO to delay the start of a Planned Outage for a Unit set forth in a Planned Outage Schedule previously established by the Parties in accordance with Section 12(a) and to Dispatch such Unit, if and to the extent either such Dispatch is necessary in the sole judgment of IP to maintain the integrity of the IP System, or to fulfill a requirement of the Open Access Transmission Tariff or other applicable tariff, or a requirement or directive of NERC, MAIN, any other regional reliability council of which the IP System or IP Control Area is a member, or the Independent System Operator, notwithstanding that such Dispatch may be contrary to principles of economic dispatch or to a previously-established Planned Outage Schedule; provided, that in no case

shall WESCO be required to operate any Unit in a manner which exceeds the Design Limits, the Operating Limits, or any other limits imposed by WESCO in accordance with Sections 7(b) or 7(c), or which, in WESCO's judgment, jeopardizes the safety of personnel or the integrity of the Unit. WESCO shall be entitled to Reliability Compensation in accordance with Section 15(d) for Reliability Dispatch Energy. Redispatch of a Unit to provide reactive power support, including emergency redispatch or non-emergency redispatch, is covered in and subject to the Second Revised Interconnection Agreement, dated as of January 9, 2004, between IP and Dynegy Midwest Generation, Inc., as may be amended from time to time.

(f) Dispatch Protocols

IP and WESCO shall develop and implement such protocols and procedures for communication of information and other operational matters as may be needed from time to time to facilitate the Dispatch of the Units as provided herein.

(g) Rolling 10-Day Forecast

By 8:00 A.M. Central Prevailing Time each Day, IP shall submit to WESCO a non-binding 10-day forecast of the hourly IP Load to be provided by WESCO under this Agreement

(B) The definition of "Daily Sales Schedule" as set forth in Subsection 1(a) of the PPA shall be deleted, and the following definitions set forth therein shall be amended to read, in their entirety, as follows:

"Capacity Deficiency" means a condition or circumstance in which the actual aggregate available electric capacity of the Units, within and subject to the Design Limits and any Operating Limits imposed on a Unit by WESCO, within any limitations otherwise agreed to by IP in this Agreement, and consistent with Good Utility Practice, and the other electric capacity resources otherwise designated by WESCO as being available on the Daily Capacity Schedule is less than the sum of (i) Adjusted Tier 1 Capacity plus
(ii) Negotiated Tier 2 Capacity.

"Daily Capacity Schedule" means a schedule provided by WESCO to IP for each Day, in accordance with Section 7(b), which sets forth the available capacity of the Units, within and subject to the Design Limits, within any Operating Limits imposed on a Unit by WESCO, within any limitations otherwise agreed to by IP in this Agreement, and consistent with Good Utility Practice, and other electric capacity resources available to WESCO to serve IP Load for such Day.

"Dispatch" means WESCO's or IP's, as applicable, right and obligation to control the generating level of each Unit, and of the Units as a group, within and subject to the Design Limits, to any Operating Limits imposed on a Unit by WESCO, within any limitations otherwise agreed to by IP in this Agreement, and consistent with Good Utility Practice, as provided in this Agreement.

2. Section 7 and the definitions of Capacity Deficiency, Daily Capacity Schedule, Dispatch in Section 1(a) of the PPA are the only sections of the PPA amended by this Agreement, and all other sections of the PPA shall remain in full force an effect, in accordance with the terms of the PPA.

IN WITNESS WHEREOF the Parties hereto, by their duly authorized representatives, have signed this Agreement as of this ___ day of _____,

2004.

ILLINOIS POWER COMPANY DYNEGY MIDWEST GENERATION, INC.

Issued by: [tbd] Effective: Date of Closing of Ameren Corporation
Issued on: February 27, 2004 Acquisition of Illinois Power Company

By:_____ By:_____
Name:_____ Name: _____
Title:_____ Title:_____

EXHIBIT D-1

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Power Company and Ameren Corporation	)	
	)	Docket No. 04-_____
Application for authority to engage in a reorganization, and to enter into various agreements in connection therewith, including agreements with affiliated interests, and for such other approvals as may be required under the Illinois Public Utilities Act to effectuate the reorganization.	)	

APPLICATION

ILLINOIS POWER COMPANY

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March 23, 2004

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I. INTRODUCTION

Illinova Corporation ("Illinova"), the direct parent of Illinois Power Company ("Illinois Power"), Illinova Generating Company, a subsidiary of Illinova ("Illinova Generating"), Dynegy Inc. ("Dynegy"), the ultimate parent of Illinois Power, and Ameren Corporation ("Ameren") have executed an agreement dated February 2, 2004 (as amended by Amendment No. 1 to Stock Purchase Agreement, dated March 22, 2004, the "Stock Purchase Agreement"), pursuant to which Ameren will acquire all of the outstanding common stock of Illinois Power and all of the preferred stock of Illinois Power held by Illinova (approximately 73%)./1/ The Stock Purchase Agreement is provided in Volume II of this Application at Tab A./2/

Ameren is the parent of three Illinois public utilities: Central Illinois Public Service Company, dba AmerenCIPS, Central Illinois Light Company, dba AmerenCILCO, and Union Electric Company, dba AmerenUE (the "Ameren Utilities"). Subsequent to the transaction (the "Reorganization"), Illinois Power will operate as a wholly-owned subsidiary of Ameren, and will be known as "AmerenIP." Illinois Power will be a separate entity from the other Ameren Utilities, and will continue to operate as a public utility within the meaning of Section 3-105 of the Illinois Public Utilities Act ("IPUA"), 220 ILCS 5/3-105. As a result of the transaction, Dynegy and Illinova will cease to be affiliated with any public utility in Illinois.

Ameren is aware that the fates of Illinois Power, its customers and its employees have been the subject of great concern, conjecture and debate in

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/1/ In addition, under the Stock Purchase Agreement, Ameren, directly or through AmerenEnergy Resources Company ("AER"), will acquire from Illinova Generating its 20% ownership interest in Electric Energy, Inc. ("EEInc."), an exempt wholesale generator that owns a 1,014 MW generating station in Joppa, Illinois (the "Joppa Plant"). Ameren's acquisition of Illinova Generating's interest in EEInc. is not subject to the Illinois Commerce Commission's ("Commission") jurisdiction, and will be submitted to the Federal Energy Regulatory Commission for approval.

/2/ Certain of the schedules to the Stock Purchase Agreement contain proprietary information of one or more of the parties, and have been filed as "Proprietary."

Illinois over the last several months. Accordingly, Ameren seeks to reassure the Commission, Illinois Power's customers and all interested parties that this transaction is being undertaken in a manner and subject to such commitments and conditions as will protect the interests of customers, employees and the communities that Illinois Power serves. All of the conditions and commitments that are proposed in this Application are directly related to this transaction and to the actions that will be undertaken both to restore Illinois Power to financial health and to maintain and enhance the quality of electric and gas service that Illinois Power provides to the public. These conditions and commitments are discussed in this Application.

Ameren would like to emphasize that, from a regulatory perspective, the closing of the Reorganization is dependent only on approval by this Commission in accordance with this Application and by the other agencies that have jurisdiction over the transaction. No new legislation or further action by any other body is required. Ameren asks only that the Commission exercise its ample existing authority to acknowledge Ameren's significant investment in Illinois Power (taking into account in particular the impact on Illinois Power's rate base that will result from the treatment of deferred taxes that is a necessary part of this transaction), to authorize recovery of a small portion (projected to be less than 25%) of the costs incurred to accomplish the Reorganization, to allow Illinois Power (like other utilities) to pay reasonable dividends on its common stock once it has regained an investment grade rating from at least one of the major credit rating agencies, and to authorize the implementation, beginning in 2007, of a rider to recover the costs associated with Illinois Power's substantial asbestos litigation, which otherwise would be recovered through base rates, in light of the potentially large amount and volatile nature of those costs.

The Reorganization will bring significant, immediate benefits to the customers and employees of Illinois Power. Ameren's core business is the provision of low-cost, high quality energy services to retail customers here in Illinois, and nearby in Missouri. Ameren is an experienced public utility holding company, with strong, investment grade credit ratings, significant financial resources and a proven track record of integrating operations.

Ameren is capable of making, and ready and willing to make, the investment needed to improve Illinois Power's financial condition and quickly secure for Illinois Power an investment grade rating from at least one of the principal ratings agencies, and to enhance Illinois Power's electric and gas delivery systems. Ameren is also capable of integrating Illinois Power's administrative, overhead and managerial functions into the Ameren system without any service disruption or degradation, based in part on Illinois Power's entry into various affiliate agreements discussed below that will bring benefits to Illinois Power. Ameren is committed to assuring that Illinois Power's customers continue to receive high quality energy services after the Reorganization occurs, and that improvements in service will continue.

Moreover, the Reorganization will provide Illinois Power's customers with rate stability. Under Illinois law, electric bundled rates are presently frozen through the end of 2006, and Illinois Power's electric fuel adjustment clause has been eliminated through at least the end of 2006 as well. Ameren also commits that, as a condition of approval, after closing, Illinois Power will not seek any increase in electric delivery service rates or gas base rates to be effective prior to January 1, 2007./3/ This will ensure that during this rate stabilization period customers will not be asked to pay for any costs related to the Reorganization, and that Illinois Power will hold the line on both electric

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/3/ As will be discussed, prior to closing, Illinois Power will make a gas base rate filing, which Illinois Power had under consideration for 2004 prior to commencement of the negotiations with Ameren. That filing will be based on a 2003 test year, which will not reflect any of the costs associated with the Reorganization.

and gas base rates while Ameren makes the significant level of investment required to improve Illinois Power's financial position and to enhance service.

Lastly, Ameren and Illinois Power share a strong record of community involvement and economic development efforts. Ameren will ensure that Illinois Power's efforts in that regard continue undiminished. It is in the best interests of both Ameren and the communities that Illinois Power serves that the economic prospects of those communities be enhanced, and that the utility distribution company continue to have a strong local presence.

The Reorganization presents a unique opportunity for Illinois Power, its customers and the entire Ameren system. Both Ameren and Illinois Power eagerly await the closing of the transaction so that they can begin the work to enhance Illinois Power's electric and gas system and achieve other benefits that the Reorganization will provide. Above all, Ameren looks forward to serving the Illinois Power customers, and enjoying the same strong and productive relationships that it enjoys with its existing customers throughout central and southern Illinois and central and eastern Missouri.

II. RELIEF REQUESTED

The restructuring of Illinois Power requires several approvals under the IPUA. Accordingly, by this Application, Ameren and Illinois Power seek:

(i) the Commission's approval, under Section 7-204, Section 7-204A and, to the extent necessary, 7-102 of the IPUA, for Illinois Power to engage in the Reorganization, pursuant to which Ameren will acquire all of the outstanding common stock of Illinois Power and all of the preferred stock of Illinois Power held by Illinova;

(ii) the Commission's approval of the capitalization of Illinois Power resulting from the Reorganization, including the steps set forth in Schedule 5.3(b) to the Stock Purchase Agreement and the elimination of all payables and receivables associated with the Intercompany Note, pursuant to Section 6-103 of the IPUA;

(iii) authorization, pursuant to Sections 7-101 and 7-204A(b) of the IPUA, for the entry by Illinois Power into four affiliated interest agreements;

(iv) the Commission's approval, pursuant to Section 5-106 of the IPUA, for Illinois Power to maintain certain books and records out of state;

(v) a finding by the Commission that Ameren's acquisition under the Stock Purchase Agreement of the common stock and the preferred stock of Illinois Power is prudent and reasonable, and that the public will benefit thereby, taking into consideration the effect of the purchase on Illinois Power's deferred tax balances and rate-base valuation; and approval of Illinois Power's proposed accounting entries associated with the acquisition, including the entries associated with the changes in the deferred tax balances, and the application of purchase accounting and the "push down" of associated accounting entries to the financial statements of

Illinois Power (but not for ratemaking purposes, other than with respect to the costs discussed in clause (vi) below for which recovery is approved by the Commission);

(vi) a finding by the Commission, pursuant to Section 7-204(c) of the IPUA, that Illinois Power will be allowed to amortize ratably over a period beginning in 2005 and ending in 2010, no less than $100 million of costs incurred in accomplishing the Reorganization, and to recover the unamortized portion beginning in 2007 over the remainder of the amortization period;

(vii) a finding by the Commission that the balance sheet and income statement impacts of purchase accounting entries "pushed down" to the financial statements of Illinois Power will not serve, individually or in the aggregate, to increase or decrease rate base, cost of service or any other factor upon which Illinois Power's rates will be determined in future Commission proceedings, except to the extent approved by the Commission pursuant to clause (vi), above;

(viii) termination of the Commission's restriction, imposed in ICC Docket No. 02-0561, on Illinois Power's ability to declare and pay dividends on its common stock, and a finding that Illinois

Power can declare and pay dividends on its common stock when Illinois Power's first mortgage bonds are rated either: (1) at least BBB- by Standard & Poors or (2) at least Baa3 by Moody's Investor Services;

(ix) the Commission's approval, pursuant to Section 9-201 of the IPUA, of an electric automatic adjustment clause tariff rider (in substantially the form of Applicants Exhibit 8.1, provided at Volume III, Tab 4 of this Application), applicable to both bundled electric service and electric delivery service, to become effective on January 2, 2007, under which Illinois Power may recover the prudent costs, net of insurance recoveries and other contributions, associated with certain claims or damages related to asbestos exposure;

(x) approval by the Commission pursuant to Section 7-101 of the IPUA of the elimination of an unsecured intercompany note (the "Intercompany Note") between Illinois Power and Illinova as part of the overall recapitalization of Illinois Power, which elimination will be accomplished in accordance with the steps described in Section VI.G.5 of this Application;

(xi) approval, pursuant to Section 7-101 of the IPUA, of the termination at the closing of (a) the Services and Facilities

Agreement among Illinois Power, Dynegy and other affiliates of Dynegy, and (b) the Netting Agreement among Illinois Power, Dynegy and certain other affiliates of Dynegy;

(xii) approval, pursuant to Sections 7-101 and 6-102 of the IPUA, of an arrangement pursuant to which Illinois Power can borrow funds directly from Ameren, if necessary, at interest rates determined pursuant to the same methodology as reflected in the Ameren money pool agreement; and

(xiii) authorization to take certain and such other measures as are explained herein in connection with the Reorganization or as are or may be reasonably necessary to effectuate the Reorganization.

III. REQUEST FOR EXPEDITED APPROVAL

Applicants seek expedited approval of this Application. This transaction is important to the customers and employees of Illinois Power, who are experiencing significant uncertainty pending closing of the transaction. Applicants seek to minimize the duration of this uncertainty, and wish to close the transaction as soon as practicable, and in no event later than the end of this year. Accordingly, Applicants respectfully request an order from this Commission as soon as practicable but by no later than September 15, 2004. This request allows approximately six months for the Commission to process this case and issue an order. An order issued by that date, together with timely approval from the Federal Energy Regulatory Commission ("FERC") and the Securities and Exchange

Commission ("SEC")/4/, and expiration or termination of the review period under the Hart-Scott-Rodino Act, will permit an early closing of this transaction. An early closing will benefit the customers and employees of Illinois Power and the communities it serves. To facilitate the Commission's expedited processing of this Application, all of the Applicants' direct testimony and exhibits in support of the Application are submitted in Volume III of the Application.

IV. SUBMISSION OF REQUIRED INFORMATION AND DIRECT TESTIMONY

In Volume II of this Application, the Applicants are submitting the documents and information required by Section 7-204A of the IPUA. In Volume III of this Application, the Applicants are submitting the prepared direct testimony and other exhibits of the following witnesses:

MR. GARY RAINWATER, Ameren's Chief Executive Officer, provides an overview of the transaction, and addresses the community and labor commitments being made by Ameren.

MR. WARNER BAXTER, Ameren's Executive Vice President and Chief Financial Officer, discusses the acquisition transaction in detail. He also discusses the significant investment that Ameren is making in Illinois Power and Ameren's need for specific authorizations from the Commission in this proceeding in order for Ameren to proceed with this acquisition.

MR. JERRE BIRDSONG, Ameren's Vice President Risk Management and Treasurer, discusses the specifics behind Ameren's proposal to recapitalize Illinois Power, and provides certain information required by Section 7-204A of the IPUA. He also

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/4/ Because under PUHCA, the SEC must find that all necessary regulatory approvals for the transaction have been obtained, in transactions such as this one, SEC approval is usually received after (frequently by about 60 days) all other regulatory agencies' orders have been issued.

discusses the impact of the acquisition on Illinois Power's ability to raise capital, and on Illinois Power's capitalization, and shows that there will be no adverse impact on either.

MR. DAVID WHITELEY, Ameren's Senior Vice President-Energy Delivery, explains how the quality of electric service provided by Illinois Power will be maintained, and even enhanced, by Ameren's acquisition of Illinois Power and by the integration of Illinois Power's administrative, overhead and managerial functions into the Ameren system.

MR. JIMMY L. DAVIS, Ameren's Vice President-Energy Delivery, explains how the quality of gas service provided by Illinois Power will be maintained, and even enhanced, by Ameren's acquisition of Illinois Power and by the integration of Illinois Power's administrative, overhead and managerial functions into the Ameren system.

MR. CRAIG NELSON, Ameren's Vice President of Corporate Planning, discusses the Power Purchase Agreement between Illinois Power and Dynegy Power Marketing, Inc. ("DYPM") for the supply for 2005-2006 for those customers that Illinois Power has an obligation to serve as an Integrated Distribution Company ("IDC") under Illinois law, and certain other power supply matters. He also discusses how the acquisition by Ameren is expected to decrease Illinois Power's cost of service, and explains why there will be no adverse impact on rates.

MR. MARTIN J. LYONS, JR., Ameren's Vice President and Controller, discusses various accounting issues related to the acquisition, and explains the need for certain rulings from the Commission as to these issues and the accounting entries which Ameren proposes to make for the acquisition. In part, his testimony addresses Ameren's commitment to reverse the effect of "push down" accounting entries on Illinois Power's books for ratemaking purposes. He also shows that costs and facilities will be fairly and equitably allocated to Illinois Power, and that Ameren will ensure that there will be no unjustified

subsidization by Illinois Power of non-utility activities. Mr. Lyons also addresses other issues, including those related to various affiliate agreements.

MR. JAMES WARREN, a partner at the law firm of Thelen Reid and Priest, explains the election under Section 338(h)(10) of the Internal Revenue Code that is an integral part of this transaction, and provides key inputs for Mr. Nelson's testimony on cost of service related issues. He also discusses potential implications of the IRS tax normalization rules on the post-acquisition ratemaking treatment of Illinois Power's deferred tax balances.

MR. JON CARLS, Ameren's Director Regulatory Services, presents the proposed Hazardous Materials Adjustment Clause Rider for AmerenIP that is designed to recover, after the end of the rate freeze, prudent costs that AmerenIP incurs for asbestos related claims.

MR. RODNEY FRAME, a Principal with the Analysis Group/Economics, discusses the impact of the acquisition on applicable wholesale and retail markets and demonstrates that the acquisition will not create any adverse impact in such markets.

MS. PEGGY CARTER, Illinois Power's Managing Director, Controller, describes the steps that will be followed to eliminate the Intercompany Note between Illinova and Illinois Power as part of the overall recapitalization of Illinois Power. Ms. Carter also explains the need for Commission approval to cancel certain other affiliated interest agreements after closing, and sponsors a jurisdictional commitment that Illinois Power agrees to accept assuming Commission approval of and closing of the Reorganization.

MR. FRANK STARBODY, Illinois Power's Vice President, Energy Supply and Customer Management, discusses Illinois Power's plans for issuing a Request for Proposal to purchase 700 MW of electric capacity and energy beginning January 1, 2005 to replace an existing contract between Illinois Power and AmerGen Energy Company, L.L.C. that will expire by that date.

V. THE REORGANIZATION

A. IDENTIFICATION OF COMPANIES INVOLVED AND AFFILIATES

ILLINOIS POWER. Illinois Power is an Illinois corporation that provides electric service to approximately 600,000 customers and gas service to approximately 415,000 customers in a 15,000 square mile territory across Illinois. As noted, Illinois Power operates as an IDC. Illinois Power has no retail marketing function, and no Illinois Power employees negotiate competitive electric power supply arrangements with any retail customers, on any system. Illinois Power owns virtually no generation/5/, and presently receives its electric power supply under contracts with Dynegy Midwest Generation, Inc. ("DMG") (currently an affiliate), EEInc. (also an affiliate), and AmerGen Energy Company, L.L.C. ("AmerGen"). The AmerGen contract expires at the end of 2004. The primary term of the DMG contract expires at the end of 2004, but by its terms continues for successive one-year extended terms unless either party gives advance notice to terminate in accordance with the terms of the contract./6/ The EEInc. contract terminates at the end of 2005.

ILLINOVA. Illinova is an Illinois corporation that owns all of the outstanding common stock and approximately 73% of the issued and outstanding preferred stock of Illinois Power. Illinova is also the obligor on the Intercompany Note.

DYNEGY. Dynegy is an Illinois corporation, with its headquarters in Houston, Texas. Dynegy owns all of the outstanding common stock of Illinova.

/5/ Illinois Power is the joint owner with State Farm Mutual Automobile Insurance Company ("State Farm") of three diesel generators, with a total capacity of 5.25 MW, located on or near State Farm's headquarters in Bloomington, Illinois. State Farm has the right to use the diesel units for on-site emergency back-up. At all other times, Illinois Power has the right to, and does, dispatch the diesel units to serve its system load. This arrangement is set forth in a service contract that has been approved by the Commission and is part of Illinois Power's filed tariffs. The service contract has a five-year term that expires October 19, 2007; if neither party gives notice of termination by October 19, 2006, however, the service contract is automatically extended for another five-year term.

/6/ No definitive notice of termination has been tendered by either Illinois Power or DMG as of the date of this Application.

Dynegy acquired Illinova in 2000. Dynegy owns and operates a diverse portfolio of energy assets, including power plants totaling 12,713 megawatts of net generating capacity and gas processing plants that process more than 2 billion cubic feet of natural gas per day.

DYNEGY POWER MARKETING. DYPM is a Texas corporation that markets electric power at wholesale and retail.

AMEREN. Ameren is a Missouri corporation with its headquarters in St. Louis, Missouri. Ameren is a registered holding company under the Public Utility Holding Company Act of 1935 ("PUHCA") and is the parent of three state-regulated utility subsidiaries, AmerenCIPS, AmerenCILCO and AmerenUE, all of which provide electric and gas service to the public and are public utilities under Section 3-105 of the IPUA.

AMERENCIPS. AmerenCIPS is an Illinois corporation that provides electric service to approximately 325,000 customers and gas service to about 170,000 customers in 527 incorporated and unincorporated communities in central and southern Illinois. AmerenCIPS owns no generation, and is served presently under an agreement with Ameren Energy Marketing Company ("AEM"), an affiliate. AmerenCIPS operates as an IDC. It has no retail marketing function, and no AmerenCIPS employees negotiate competitive electric power supply arrangements with any retail customers, on any system.

AMERENCILCO. AmerenCILCO is also an Illinois corporation whose principal business is the transmission, distribution and sale of electric energy in an area of approximately 3,700 square miles in central and east-central Illinois, and the purchase, distribution, transportation and sale of natural gas in an area of approximately 4,500 square miles in central and east-central Illinois.

AmerenCILCO owns no generation (except certain small units, including various power modules), and is served presently under an agreement with AmerenEnergy Resources Generating Company ("AERG"), an affiliate. AmerenCILCO furnishes electric service to over 200,000 retail customers in 136 Illinois communities and gas service to over 204,000 customers in 128 Illinois communities.

AMERENUE. AmerenUE is a Missouri corporation that provides electric service to approximately 62,000 customers and gas service to approximately 18,000 customers in Illinois, and electric service to nearly one million customers and gas service to over 100,000 customers in Missouri. AmerenUE owns 8,290 MW of electric generating capacity. AmerenUE has no Illinois retail marketing function; no AmerenUE employees negotiate competitive power supply arrangements with retail load on any system in Illinois. AmerenUE also has elected to operate as an IDC. AmerenUE intends to transfer its Illinois electric and gas assets, distribution assets and businesses to AmerenCIPS. Regulatory proceedings relating to this transfer are pending before this Commission and the Missouri Public Service Commission. The FERC approved this transfer in December of 2003. Upon completion of this transaction, AmerenUE will cease to be a public utility in Illinois.

OTHER AMEREN AFFILIATES. Ameren also has several other subsidiaries, including: Ameren Services Company ("Ameren Services"), which provides various corporate support, technical and administrative services to Ameren and its affiliates; Ameren Energy Generating Company ("AEG"), which owns and operates over 4,330 MW of electric generating capacity, all of which is located in Illinois and Missouri; AEM, which markets power and energy at wholesale and at retail, and has responsibility for all Ameren retail marketing in Illinois; Ameren Energy Company ("AE"), which provides short-term energy trading services

and acts as agent to AmerenUE and AEG; and Ameren Energy Fuels and Services Company ("Ameren Fuels"), which provides generation fuels, natural gas procurement, management and related services for Ameren affiliates and other entities.

B. MECHANICS OF THE REORGANIZATION

As indicated above, pursuant to the Stock Purchase Agreement Illinova has agreed to sell to Ameren all of the outstanding common stock of Illinois Power and all of the Illinois Power preferred stock that Illinova owns (approximately 73% of the total amount issued and outstanding). In exchange for the common and preferred shares, and for Illinova Generating's 20% ownership interest in EEInc., the owner of the Joppa Plant, Ameren is paying $2.3 billion, consisting of the assumption of debt and of certain obligations with respect to the portion of Illinois Power's preferred stock not held by Illinova (together totaling approximately $1.91 billion as of December 31, 2003) and cash for the balance (subject to certain adjustments), of which, subject to certain exceptions specified in the Stock Purchase Agreement, $100,000,000 will be deposited in escrow, to secure certain indemnities from Dynegy relating to potential liabilities that Illinois Power faces, principally due to its former ownership of generating facilities now owned by DMG.

Shortly prior to closing, as part of the overall recapitalization of Illinois Power, the Intercompany Note will be eliminated. The current principal balance of the Intercompany Note, which matures in 2009, is approximately $2.27 billion. Presently, the Intercompany Note is the largest single asset on Illinois Power's books, and contributes to a severe imbalance between the size of Illinois Power's rate base and the size of its capital structure. Illinois Power has combined electric and gas property, plant and equipment less accumulated depreciation of approximately $1.95 billion, with a capitalization of approximately $3.31 billion. Elimination of the Intercompany Note will result

in a reduction in total capitalization at Illinois Power, thus more closely aligning total capitalization with rate base.

After the closing, Ameren will complete the recapitalization of Illinois Power. Ameren will do so by infusing substantial equity into Illinois Power and using that new equity to repurchase or retire an aggregate of at least $750 million principal amount of Illinois Power's outstanding long-term debt by December 31, 2006. Both the issuance of new common equity, to fund the debt repurchases and retirement, and the early redemption of a substantial portion of Illinois Power's debt carry with them significant costs. The result of Ameren's efforts and expenditures will be a capital structure at Illinois Power that consists of 50%-60% common equity by December 31, 2006, the end of the "mandatory transition period" under the IPUA. Ameren expects that the recapitalized Illinois Power will receive an investment grade rating for its long-term debt from at least one if not all of the principal rating agencies on or before that date. The steps in Ameren's recapitalization plan for Illinois Power are commitments that Ameren is making to this Commission assuming approval of the Reorganization in accordance with this Application and the closing of the transaction.

C. POST-CLOSING OPERATIONS

Subsequent to the closing, Illinois Power will continue to operate as a separate company, and will not be merged into any of the three existing Ameren utilities. Ameren does not seek approval in this proceeding to eliminate Illinois Power as a company or to alter any existing Illinois Power tariffs in any material respect. Accordingly, unless and until otherwise authorized by this Commission, Illinois Power will maintain its own rate schedules. Applicants note, however, that while Illinois Power will maintain its separate corporate existence, Illinois Power will be integrated fully into the Ameren system through the receipt of corporate support and other services from Ameren affiliates.

After the closing, Illinois Power will continue to operate as its own control area, within the Midwest Independent System Operator ("MISO"). In this regard, the Stock Purchase Agreement provides that within 90 days of February 2, 2004, Illinois Power will take the necessary steps to submit a conditional application to accomplish the transfer of functional control over Illinois Power's transmission system to MISO, conditioned on the closing of the Reorganization. Accordingly, the Reorganization will not delay the integration of Illinois Power's transmission system into a regional transmission organization.

Illinois Power will own virtually no generation, and will continue to operate as an IDC. It will have no active marketing function.

As is discussed in the testimony of Mr. Craig D. Nelson, Vice President of Ameren Services for Corporate Planning, in 2005 and 2006, part of Illinois Power's electric requirements will be met by an electric power purchase agreement ("PPA") with DYPM, and one or more other agreements with suppliers reached through a competitive bidding process. At closing, Illinois Power will have no binding power purchase obligations beyond 2006, and will be free to participate fully in the competitive power markets when the mandatory transition period ends.

Initially, Illinois Power's customers will see few visible signs of the change in ownership. Illinois Power customers will call the same numbers for service, will have largely the same employees serving their needs and will continue paying the same rates they would have paid absent the acquisition. However, after closing Ameren plans to begin introducing new systems, work processes, and initiatives that will move Illinois Power toward performance leadership in Illinois and the nation in terms of reliability, customer satisfaction and service response. Mr. David Whiteley, Ameren's Senior Vice President-Energy Delivery, and Mr. Jimmy Davis, Vice President-Energy Delivery, in their prepared direct testimony, describe the Ameren utilities' experience

and capabilities in providing high quality, safe and reliable electric and gas service, respectively, to their customers, and discuss Ameren's plans for integrating Illinois Power's electric and gas operations with those of the Ameren utilities.

D. BENEFITS OF THE REORGANIZATION

The Reorganization will benefit Illinois Power's customers and the competitive retail electric marketplace in Illinois. Presently, Illinois Power suffers from poor credit ratings, which have prevented Illinois Power from accessing lower cost sources of capital and have at times impaired its access to capital altogether. The Reorganization will include a recapitalization of Illinois Power that will restore Illinois Power's capital structure to an appropriate debt-equity ratio and to consistency with Illinois Power's net utility assets. Ameren believes that these actions will lead to restoration of an investment grade credit rating and lower capital costs for the long term.

The integration of Illinois Power's administrative, overhead and managerial functions into the Ameren system will also allow Illinois Power, and therefore its customers, to benefit from economies of scale associated with a larger energy procurement function and delivery system. In addition, Ameren commits to enhancing Illinois Power's quality of service through additional infrastructure investments. Specifically, Ameren commits that Illinois Power will make at least $275 million to $325 million of capital expenditures in the first two years after the transaction closes.

1. RECAPITALIZATION OF ILLINOIS POWER AND RESTORATION OF INVESTMENT GRADE STATUS

Illinois Power, as well as its immediate parent company, Illinova, and its ultimate parent company, Dynegy, presently have below-investment grade credit ratings. Further, the Intercompany Note, with a principal balance of approximately $2.27 billion, represents a large percentage of Illinois Power's

assets and is an unsecured obligation from an obligor with below investment grade credit ratings, and therefore places significant downward pressure on Illinois Power's credit ratings. Correspondingly, there is a large difference between the size of Illinois Power's capital structure and its rate base (i.e., its net property, plant and equipment). As noted above, while Illinois Power has net electric and gas utility property plant and equipment of approximately $1.95 billion, it had debt and preferred stock totaling about $1.91 billion at December 31, 2003.

Illinois Power does not currently have a facility in place to access working capital through short-term borrowings, and a limited amount of additional long-term debt is available to it at relatively high interest rates with restrictive covenants.

The Commission has taken steps to assure that Illinois Power continues to have adequate liquidity. In Docket No. 02-0561, the Commission approved a netting agreement between Illinois Power and Dynegy and certain Dynegy affiliates, and imposed restrictions on Illinois Power's ability to declare and pay dividends on its common stock. Under those restrictions, Illinois Power cannot declare or pay a dividend until the two major credit rating agencies rate its long-term debt as investment grade and Illinois Power receives permission from the Commission.

While the steps the Commission has taken increase the likelihood that Illinois Power will maintain adequate liquidity, those steps alone cannot guarantee an adequate source of cash for the infrastructure maintenance and improvements that a public utility like Illinois Power must continually make, or restoration of investment grade credit ratings. Ameren, on the other hand, can offer - and is committing to implement -- measures to restore Illinois Power to

financial health, balance its capital structure and enable it to access the capital markets more easily and at a more competitive cost - and Ameren is offering a timetable for doing so.

2. RATES

Ameren does not seek to (and of course, cannot) effectuate any immediate change in bundled electric rates, notwithstanding the substantial infusion of equity that Ameren has pledged, the significant costs of the Reorganization, and the other steps that Ameren is committing to take to improve Illinois Power's financial condition. Ameren also commits that AmerenIP will not seek any increases in its electric delivery services rates to be effective before 2007. Ameren may seek to conform Illinois Power's electric delivery service tariffs to those of the Ameren Utilities before 2007; however, these changes would not affect the level of Illinois Power's charges or fees for delivery services.

Ameren does seek approval now for one change in electric rate design to be effective in the future. Illinois Power is subject to potential liability with respect to several environmental matters, including significant asbestos claims arising from Illinois Power's past operations. The timing of the imposition, and the amounts, of the asbestos liabilities are difficult to predict, and it is also difficult to predict at this point what portion of any asbestos liabilities might be covered by insurance. The costs of these asbestos claims have the potential to be both large and volatile. Ameren does not believe that standard ratemaking mechanisms are adequate to address recovery of these costs, due to their volatile nature and potentially significant size.

Ameren seeks to implement a rider for AmerenIP to address these costs, to be approved in this proceeding and to become effective when the mandatory transition period ends. Under the tariff rider, the specific form of which is sponsored by Mr. Jon Carls, Ameren Services' Director of Regulatory Services, in his testimony, AmerenIP would recover from electric customers the prudent costs associated with asbestos claims that result from exposure prior to October 1,

1999 and that AmerenIP becomes legally obligated to pay after December 31, 2006. The proposed rider, which assures that customers will not pay more than actual, prudently incurred costs, is provided as Applicants Ex. 8.1, and is sponsored by Mr. Carls.

Illinois Power, which has not had a gas rate case since 1994, will be filing for a proposed increase in its base gas rates prior to June 30, 2004. After the order is issued in that case (expected in the normal course of such cases to be on or about June 1, 2005), Illinois Power will not seek another increase in base gas rates to be effective until after December 31, 2006.

3. SERVICE AREA, COMMUNITY AND LABOR COMMITMENTS

Ameren is committed to maintaining a presence and enhancing the service and support in Illinois Power's service territory and the communities that Illinois Power serves. These commitments are set forth in the testimony of Ameren witness Gary L. Rainwater, Chairman, Chief Executive Officer and President of Ameren. Specifically, Ameren commits that:

o Ameren has contributed a total of $300,000 to the Decatur and other Illinois Power service area United Way organizations. After closing, Ameren would thereafter increase its total contribution to United Way, civic, charitable, and social service organizations in Illinois Power's service territory to at least $1.5 million annually. (In contrast, Illinois Power's contributions to such organizations totaled about half that amount in 2003.)

o As noted above, Ameren will cause Illinois Power to make between $275 million and $325 million of capital

expenditures during Ameren's first two years of ownership of Illinois Power.

o Ameren will commit additional resources to support and enhance economic development aimed at attracting new jobs in the Illinois Power service territory.

o Ameren will maintain Illinois Power's headquarters in Decatur, Illinois for not less than five years following closing.

o Illinois Power workforce reductions resulting from the acquisition will not exceed 25 employees for a period of four years following the closing, except to the extent additional reductions occur through attrition or voluntary separation programs.

o Illinois Power will honor all existing labor agreements.

o Illinois Power employees, retirees and retirees' surviving dependents will remain in their current Illinois Power benefit plans or be moved into appropriate Ameren plans.

These commitments will ensure a continued and vital presence in the Illinois Power service territory, and safe, reliable utility service, for years to come.

4. POWER SUPPLY

Illinois Power presently receives its power supply under separate contracts with DMG, an affiliate, EEInc., also an affiliate, and AmerGen, which owns and operates the Clinton nuclear unit. The AmerGen contract expires at the end of 2004. The primary term of the DMG contract also expires at the end of 2004, and the contract thereafter automatically extends for one-year terms unless either party gives advance notice of termination. The EEInc. contract expires at the end of 2005. In connection with, and as a condition of, the Stock Purchase Agreement, Illinois Power and another Dynegy affiliate, DYPM, will enter into a new power purchase agreement ("PPA") pursuant to which DYPM will supply Illinois Power with up to 2,800 MW of capacity and energy for a period of two years, 2005-2006./7/ Ameren, acting on behalf of Illinois Power as its future owner, and DYPM negotiated this PPA at arms-length for over two months. The PPA reflects market-based terms and conditions for the amounts of capacity, energy and ancillary services that will be provided by DYPM to allow Illinois Power to reliably serve its retail load. The remainder of Illinois Power's requirements, approximately 700 MW for 2005 and 900 MW for 2006, will be offered for bid in the market place, pursuant to an independently-administered competitive bidding process./8/ The direct testimony of Frank Starbody, Illinois Power's Vice President-Energy Supply & Customer Management, describes the process that Illinois Power will employ to solicit and evaluate bids to supply 700 MW of its retail load in 2005-2006.

/7/ The Stock Purchase Agreement provides that, in the event the Reorganization closes prior to January 1, 2005, Illinois Power and DMG will enter into the Interim PPA Rider. The Interim PPA Rider amends the existing PPA to eliminate Illinois Power's rights to control the dispatch of DMG's generating units, except that such rights are preserved in situations necessary to maintain grid reliability.

/8/ With respect to power supply after 2006, Ameren is willing to commit AmerenIP to a condition similar to that imposed on AmerenCIPS and AmerenCILCO in Docket No. 02-0428, whereby those companies are required: (i) to work with the Commission's Staff to develop competitive bidding procedures to govern all power supply arrangements; and (ii) to obtain Commission approval for any single-source supply arrangement. Ameren anticipates that the competitive bidding procedures currently being developed will be in place by or shortly after the time the Reorganization closes, for use in connection with post-2006 power supply arrangements.

These arrangements will assure Illinois Power a reliable supply of power and energy to meet its retail load requirements as an IDC, at reasonable cost, through the end of the electric rate freeze.

VI. COMPLIANCE WITH STATUTORY REQUIREMENTS

A. SECTION 7-204: REORGANIZATION APPROVAL

The transactions described herein constitute a "reorganization" within the meaning of Section 7-204 of the IPUA. That Section states, in part, that

For purposes of this Section, "reorganization" means any transaction which, regardless of the means by which it is accomplished, results in a change in the . . . ownership or control of any entity which owns or controls the majority of the voting capital stock of a public utility. . . ."

220 ILCS 5/7-204.

Section 7-204 requires that the Commission make a series of findings, each of which is addressed below.

1. FINDING 1: "THE PROPOSED REORGANIZATION WILL NOT DIMINISH THE UTILITY'S ABILITY TO PROVIDE ADEQUATE, RELIABLE, EFFICIENT, SAFE AND LEAST-COST PUBLIC UTILITY SERVICE."

As indicated above, Ameren brings a strong record of customer service to this transaction. Ameren has a proven track record of high quality service that is second to none in communities much like those that Illinois Power serves. In this regard, Ameren notes that it has a full century of experience serving both urban and rural areas, as well as smaller communities, such as Petersburg, Illinois, and large cities, including Peoria, Illinois and St. Louis, Missouri. Thus, Ameren is fully qualified to oversee Illinois Power's provision of service to its diverse service territory, and is committed to maintaining and improving Illinois Power's service quality.

As discussed in detail in the testimony of Mr. David Whiteley, Ameren's Senior Vice President-Energy Delivery and Mr. Jimmy L. Davis, Ameren's Vice

President-Energy Delivery, Ameren provides high quality and highly reliable utility service, and is highly rated in terms of customer service. In the Illinois Power area, Ameren will make and follow through on the same commitment to improve customer service that it has made in its other service areas. In no regard will the quality of service provided by Illinois Power diminish.

Additionally, as Mr. Warner Baxter, Ameren's Executive Vice President and Chief Financial Officer, explains in his testimony, Ameren has committed to invest at least $275-$325 million on capital projects during Ameren's first two years of ownership of Illinois Power. This higher level of capital expenditures enabled by the Reorganization will enable Illinois Power to further upgrade its electric and gas systems throughout its service area.

Moreover, the improvement in Illinois Power's credit ratings that Ameren anticipates, and Illinois Power's affiliation with a parent with its own superior credit ratings, will ensure that Illinois Power will have ready and continued access, on reasonable terms, to the capital necessary to maintain and enhance its infrastructure.

Thus, the Reorganization will enhance Illinois Power's ability to provide adequate, reliable, efficient, safe and least-cost public utility service.

2. FINDING 2: "THE PROPOSED REORGANIZATION WILL NOT RESULT IN THE UNJUSTIFIED SUBSIDIZATION OF NON-UTILITY ACTIVITIES BY THE UTILITY OR ITS CUSTOMERS."

Ameren is a registered holding company under PUHCA and operates under clear and fair cost-allocation guidelines. Those guidelines are reflected in both the Ameren General Services Agreement (the "Ameren GSA"), which the Commission originally approved in Docket No. 95-0551, and which was modified recently in Docket No. 03-0279 to include AmerenCILCO as a party and to address the SEC's regulations. As explained in the testimony of Mr. Baxter, Illinois Power will be allocated and charged costs pursuant to: (i) the Ameren GSA; and (ii) the SEC's

rules. (A copy of the amended Ameren GSA is provided as Applicants' Ex. 5.2.) The Ameren GSA and the SEC regulations will preclude any unjustified subsidization of non-utility activities.

Moreover, as discussed below, assuming regulatory approval and closing of the Reorganization, Illinois Power makes the same commitment regarding the preservation of the Commission's authority to determine appropriate cost allocations that AmerenCIPS and AmerenUE made in Docket No. 95-0551, and that AmerenCILCO made in Docket No. 02-0428.

3. FINDING 3: "COSTS AND FACILITIES ARE FAIRLY AND REASONABLY ALLOCATED BETWEEN UTILITY AND NON-UTILITY ACTIVITIES IN SUCH A MANNER THAT THE COMMISSION MAY IDENTIFY THOSE COSTS AND FACILITIES WHICH ARE PROPERLY INCLUDED BY THE UTILITY FOR RATEMAKING PURPOSES."

As already explained, Ameren will allocate and charge costs in accordance with the Ameren GSA, as approved by the Commission in Docket No. 03-0279, or a materially identical GSA, and in accordance with the SEC's regulations. Moreover, as discussed below, assuming regulatory approval and closing of the Reorganization, Illinois Power makes the same commitment regarding the preservation of the Commission's authority to determine appropriate cost allocations that AmerenCIPS and AmerenUE made in Docket No. 95-0551 and AmerenCILCO made in Docket No. 02-0428.

4. FINDING 4: "THE PROPOSED REORGANIZATION WILL NOT SIGNIFICANTLY IMPAIR THE UTILITY'S ABILITY TO RAISE NECESSARY CAPITAL ON REASONABLE TERMS OR TO MAINTAIN A REASONABLE CAPITAL STRUCTURE."

As Mr. Birdsong discusses, the Reorganization will have a positive impact on Illinois Power's ability to raise necessary capital on reasonable terms and to maintain a reasonable capital structure, because Ameren will recapitalize Illinois Power, which will improve Illinois Power's financial condition through a strengthened balance sheet and which Ameren expects to result in investment grade credit ratings for Illinois Power. Moreover, Illinois Power will be a subsidiary of a parent company that has a credit rating higher than that of

Illinova or Dynegy. As Mr. Baxter also discusses in his testimony, the Reorganization will not result in an unreasonable capital structure. To the contrary, the Reorganization will produce a balanced capital structure more closely related to Illinois Power's utility assets.

5. FINDING 5: "THE UTILITY WILL REMAIN SUBJECT TO ALL APPLICABLE LAWS, REGULATIONS, RULES, DECISIONS AND POLICIES GOVERNING THE REGULATION OF ILLINOIS PUBLIC UTILITIES."

AmerenIP will be an Illinois public utility, subject to all applicable laws and rules. In Docket No. 95-0551 and Docket No. 02-0428, the Ameren Utilities made certain commitments intended to assure that the Commission would not be preempted from regulating certain aspects of their businesses solely due to Ameren's status as a registered holding company under PUHCA. As stated in the testimony of Ms. Carter, Illinois Power makes the same commitments here assuming regulatory approval and closing of the Reorganization.

6. FINDING 6: "THE PROPOSED REORGANIZATION IS NOT LIKELY TO HAVE A SIGNIFICANT ADVERSE EFFECT ON COMPETITION IN THOSE MARKETS OVER WHICH THE COMMISSION HAS JURISDICTION."

Ameren is acquiring only a very small amount of generation from Dynegy, consisting of Illinova Generating's 20 percent share of EEInc., which owns and operates the 1,014 MW Joppa Plant. As noted earlier, Ameren's acquisition of Illinova Generating's interest in the Joppa Plant does not require this Commission's approval. Ameren and Dynegy require, and are seeking, approval of that acquisition from the FERC and review by the Department of Justice pursuant to the Hart-Scott-Rodino Act.

Mr. Rodney Frame, a principal with Analysis Group, Inc., has assessed the competitive effects of Ameren's acquisition of Illinois Power and Illinova Generating's 20 percent interest in EEInc. Mr. Frame's assessment includes a detailed competitive screen analysis under the FERC's merger guidelines. Mr. Frame's full assessment accompanies his testimony in this proceeding as

Applicants' Ex. 10.4. Mr. Frame concludes that Ameren's acquisition of Illinois Power and Dynegy's 20 percent interest of EEInc. will not have an adverse competitive effect./9/

In addition, Ameren's acquisition of Illinois Power should have no materially adverse impact on the competitive retail electric or gas markets over which the Commission has jurisdiction. Pursuant to the IPUA and Illinois Power's electric delivery services tariffs, Illinois Power's retail electric customers may purchase their electric power supply from other suppliers. Further, Illinois Power's non-residential gas customers can purchase their gas supplies from suppliers other than Illinois Power and have the third-party gas supplies delivered to them over Illinois Power's gas distribution system. Ameren cannot exclude such competitive retail electric suppliers or competitive suppliers of gas from the Illinois Power electric and gas systems. Moreover, Federal and state laws and regulations, as well as Illinois Power's tariffs filed pursuant to those laws and regulations, generally prohibit Illinois Power from discriminating against non-affiliates.

Further, Illinois Power has no separate retail marketing function. Two other Dynegy affiliates provide competitive retail electric service in Illinois. Even if these other affiliates were to cease making retail electric sales in the state, for whatever reason, there would still be an ample number of actual and potential competitors to assure robust competition for retail electric load.

7. FINDING 7: "THE PROPOSED REORGANIZATION IS NOT LIKELY TO RESULT IN ANY ADVERSE RATE IMPACTS ON RETAIL CUSTOMERS."

As Mr. Nelson explains in detail in his testimony, Ameren expects the change in control over Illinois Power and the incorporation of Illinois Power

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/9/ Certain minor "screen violations" under the FERC's Competitive Analysis Screen of Appendix A of the FERC's Merger Policy Statement that arise using one possible means of analyzing the Reorganization are fully and adequately addressed by the mitigation that Ameren is proposing in its application to the FERC in connection with the proposed transaction.

into the Ameren system, with the resulting synergies and cost of service savings, to reduce Illinois Power's overall cost of service below what it otherwise would be were the Reorganization not to occur. As he demonstrates, the overall cost savings expected to be achieved by 2007 will more than offset the impact on rates paid by customers due to the elimination of Illinois Power's deferred tax balances and the recovery of a portion of Ameren's costs of accomplishing the Reorganization. Accordingly, there is no significant risk of any adverse rate impacts on retail customers resulting from the Reorganization.

B. TREATMENT OF COSTS AND SAVINGS

Under Section 7-204 of the IPUA, in this proceeding the Commission must rule on: (i) the allocation of any savings resulting from the Reorganization; and (ii) whether Illinois Power should be allowed to recover any costs incurred in accomplishing the Reorganization and, if so, the amount of costs eligible for recovery and how the costs will be allocated.

Ameren is making a significant investment and incurring substantial expenses to acquire and recapitalize Illinois Power. The projected total costs to Ameren of accomplishing the Reorganization are expected to exceed $450 million, including a premium over book value of approximately $275 million, debt redemption/retirement premiums of approximately $100 million, equity issuance costs of $35 million, transaction costs of approximately $25 million, transition costs of approximately $10 million, and severance costs of approximately $9 million. Applicants' witnesses discuss these costs in greater detail in their testimony.

Ameren believes that, in addition to the benefits to Illinois Power discussed above, the Reorganization will produce cost savings that exceed the costs of accomplishing the Reorganization. These cost savings are discussed in Mr. Nelson's direct testimony.

Ameren does not seek recovery of the full amount of the costs of accomplishing the Reorganization. Rather, Ameren proposes to reflect $100 million of these costs on AmerenIP's books, as a regulatory asset, to be amortized ratably over the period 2005-2010. No rate adjustment in respect of these costs would be made before 2007. Thereafter, Ameren seeks only the recovery in rates by AmerenIP, beginning with the first implementation of new rates after December 31, 2006, of the unamortized balance of this regulatory asset over the remainder of the amortization period.

This proposal means that, out of the total projected Reorganization costs of more than $450 million, Illinois Power customers will be asked to pay approximately $67 million of those costs. Moreover, on a present value basis, Ameren's recovery will be even lower. The costs will all be incurred within the first two years after closing, whereas the recovery cannot begin until after those two years have passed, and will extend another four years after that.

To implement the proposal, Applicants request that the Commission enter a finding that Illinois Power should be allowed to amortize ratably over a period beginning in 2005 and ending in 2010 no less than $100 million of costs incurred to accomplish the Reorganization, and to recover in rates the unamortized portion beginning in 2007 over the remainder of the amortization period. This finding is well within the Commission's authority. Section 7-204(c) compels the Commission to address this issue: "the Commission shall not approve a reorganization without ruling on . . . whether the companies should be allowed

to recover any costs incurred in accomplishing the reorganization and, if so, the amounts of costs eligible for recovery and how costs will allocated." 220 ILCS 5/7-204(c) (emphasis added).

A significant portion of these costs are necessary in connection with the actions to be taken to improve Illinois Power's credit rating, which will be one of the principal benefits of the Reorganization, and which will have a positive effect on Illinois Power's cost of service, in the form of lower cost funds and goods and services. Without incurring these costs Ameren could not undertake and complete this transaction. Accordingly, Ameren should not be required to fully absorb these costs.

Bundled electric rates will remain frozen under the provisions of
Section 16-111 of the IPUA. Illinois Power intends to file a gas rate case prior to June 30, 2004, in which it will not reflect any Reorganization costs. This gas base rate case will be based on a 2003 test year that will not reflect any adjustments related to the Reorganization. Ameren commits that if this transaction closes, AmerenIP will not seek any further adjustment in gas base rates, or in electric DST rates, that would become effective prior to January 1, 2007.

Changes in electric and gas rates effective after 2006 will reflect the then-actual cost of service, including the effect of all applicable synergies. AmerenIP will not seek to retain any portion of the synergies in any future electric or gas rate filing./10/ Moreover, nothing in Applicants' rate stabilization plan would limit the Commission's authority to investigate gas base rates under Section 9-250 of the IPUA. (The Commission's authority to investigate electric rates is already limited under Section 16-111 of the IPUA; Applicants do not propose any further limitation.)

/10/ Applicants do not intend to suggest that, upon expiration of the rate stabilization periods, AmerenIP will never propose an alternative regulation plan or other general incentive ratemaking plan.

C. APPROVAL OF AFFILIATED INTEREST AGREEMENTS

Applicants propose that AmerenIP will enter into four affiliated interest agreements, for which Commission approval is required under Sections 7-101 and 7-204A of the IPUA.

1. GENERAL SERVICES AGREEMENT

In Docket No. 95-0551, in connection with the formation of Ameren as the parent to AmerenUE and AmerenCIPS, the Commission approved the entry of those two utilities into the Ameren GSA with Ameren Services. Thereafter, in Docket No. 03-0279, the Commission approved AmerenCILCO's entry into the Ameren GSA, and certain modifications of the agreement. The Ameren GSA has also been approved by the SEC pursuant to PUHCA. Ameren seeks authority for AmerenIP to enter into, and become a party to, the Ameren GSA. As noted above, the Ameren GSA is provided as Applicants' Ex. 5.2.

2. FUEL AND NATURAL GAS SERVICES AGREEMENT

AmerenCIPS, AmerenCILCO and AmerenUE are parties to a Fuel and Natural Gas Services agreement ("Ameren FSA") with Ameren Fuels. Under the Ameren FSA, Ameren Fuels provides fuel procurement and fuel management services to AmerenCIPS, AmerenUE, and AmerenCILCO. The Ameren FSA was modified most recently by the Commission in Docket No. 03-0279 to add AmerenCILCO as a party. Ameren seeks authority for AmerenIP to enter into the Ameren FSA. This will allow AmerenIP to achieve the same kind of fuel procurement and fuel management benefits which Ameren Fuels provides to AmerenCIPS, AmerenUE and AmerenCILCO. (A copy of the Ameren FSA is provided as Applicants' Ex. 5.3.)

3. TAX ALLOCATION AGREEMENT

The Ameren Companies are parties to a tax allocation agreement ("Ameren TAA"), which allocates federal income tax liabilities amongst them. The Ameren TAA was most recently approved in Docket No. 03-0279. (A copy of the TAA is

provided as Applicants' Ex. 5.4.) Ameren seeks authority for AmerenIP to enter into the Ameren TAA or a materially identical TAA.

4. MONEY POOL AGREEMENT

Ameren affiliates participate in the Ameren Money Pool Agreement, which allows them to engage in short-term loans from time to time. The Ameren Money Pool Agreement was most recently approved in Docket No. 03-0214. (A copy of the Money Pool Agreement is provided as Applicants' Ex. 5.5.) Ameren seeks authority for AmerenIP to enter into the Ameren Money Pool Agreement.

D. BOOKS AND RECORDS

Ameren intends to maintain a substantial portion of Illinois Power's books and records at Illinois Power's headquarters in Decatur. However, certain records - particularly those relating to services provided by affiliated service companies, such as Ameren Services or Ameren Fuels - are more efficiently maintained at Ameren's headquarters in St. Louis. Accordingly, Ameren seeks approval under Section 5-106 of the IPUA for AmerenIP to maintain its books and records outside of this State. Ameren acknowledges that AmerenIP will be liable for, and upon proper invoice from the Commission will promptly reimburse the Commission for, the reasonable costs and expenses associated with the audit or inspection of any books, accounts, papers, records and memoranda kept outside the State, all as required under Section 5-106 of the IPUA. 220 ILCS 5/5-106.

E. SECTION 7-102

Section 7-102 of the IPUA requires the Commission's approval whenever a "public utility may by any means, direct or indirect, merge or consolidate its franchises, license, permits, plants, equipment, business or other property with that of any other public utility." 220 ILCS 5/7-102. Applicants do not believe the Reorganization constitutes a direct or indirect merger or consolidation of

two utilities' businesses or property. Rather, the Reorganization is a change in control transaction over which the Commission plainly has jurisdiction under Sections 7-204 and 7-204A.

Nevertheless, to the extent that the Commission determines that the Reorganization is also subject to the approval requirements of Section 7-102, Applicants seek approval pursuant to that Section. Section 7-102 would require that Applicants demonstrate that the approval should reasonably be granted and that the public should be convenienced thereby. For all the reasons discussed above, the Reorganization is reasonable and in the public interest and should be approved.

F. SECTION 6-103

Section 6-103 of the IPUA provides, in relevant part, as follows:

In any reorganization of a public utility, resulting from forced sale, or in any other manner, the amount of capitalization, including therein all stocks and stock certificates and bonds, notes and other evidences of indebtedness, shall be such as is authorized by the Commission, which in making its determination, shall not exceed the fair value of the property involved.

As discussed above, Ameren plans to recapitalize Illinois Power in a manner that Ameren expects will allow Illinois Power to improve its financial condition and obtain investment grade ratings. Ameren's plan is detailed in the testimony of Mr. Jerre Birdsong, Ameren's Vice President Risk Management and Treasurer. In short, it involves the elimination of the Intercompany Note (which will occur shortly prior to closing) and a significant infusion of equity by Ameren, to be used to eliminate preferred stock and an aggregate of at least $750 million principal amount of long-term debt. This will appropriately balance Illinois Power's capital structure, the size of which presently far exceeds the net book

cost of its utility assets. Accordingly, the Commission should approve the capitalization of Illinois Power resulting from the Reorganization, under
Section 6-103.

G. OTHER FINDINGS

1. APPROVAL OF ACCOUNTING ENTRIES

The Applicants seek the Commission's approval for the accounting entries associated with the Reorganization, including those related to the elimination of the Intercompany Note and those related to the amortization of a portion of Ameren's transaction costs. These entries are sponsored by, and discussed in the testimony of, Ms. Peggy Carter, Illinois Power's Managing Director, Controller, and Mr. Martin Lyons, Jr. Ameren's Controller. The entries are, for all the reasons Ms. Carter and Mr. Lyons discuss, reasonable and in accordance with generally accepted accounting principles.

As Mr. Lyons also discusses, in connection with the Reorganization and recapitalization of Illinois Power, Ameren will be required to "push down" certain accounting entries to Illinois Power's books. Ameren pledges that it will reverse the effect of theses entries for ratemaking purposes, pursuant to the methodology described by Mr. Lyons in his prepared direct testimony. In this regard, Applicants request that the Commission find that the balance sheet and income statement impacts of purchase accounting entries "pushed down" to the financial statements of Illinois Power will not serve, individually or in the aggregate, to increase or decrease rate base, cost of service or any other factor upon which Illinois Power's rates will be determined in future Commission proceedings, except to the extent approved by the Commission pursuant to this application as a partial recovery of Ameren's cost to accomplish the Reorganization..

2. PRUDENCE AND REASONABLENESS OF SHARE ACQUISITION

Ameren seeks a finding that its acquisition of the shares of Illinois Power pursuant to the Stock Purchase Agreement is prudent and reasonable, taking into consideration the effect of the Reorganization on the deferred tax balances on

the books of Illinois Power. As Ms. Carter discusses, all of Illinois Power's deferred taxes will be eliminated from its books in exchange for a reduction of the principal balance of the Intercompany Note. As Mr. Craig Nelson discusses in his testimony, overall the Reorganization will reduce Illinois Power's cost of service, because reductions in Illinois Power's cost of service will more than offset the impact of the change in the deferred tax balances and the recovery of a portion of the costs of accomplishing the Reorganization.

As indicated by the terms of the Stock Purchase Agreement, Ameren is not willing to proceed with the transaction in the absence of reasonable assurance from the Commission (in the form of prudence and reasonableness findings) that efforts will not be undertaken in the future to "undo" (i.e., revise or reverse) the change in the deferred tax balances for rate base purposes or in any other respect. Disregard of AmerenIP's actual post-closing deferred tax balances for ratemaking purposes in the future could result in a violation of the IRS's normalization rules and any downward adjustment in rate base in a future rate case (based on "imputation" of accumulated deferred taxes that are no longer on AmerenIP's financial books) would deny Ameren the ability to earn a return of and on the investment it is making in Illinois Power. Ameren witness James Warren explains the potential impacts of the IRS' tax normalization rules resulting from any post-closing effort to undo the elimination of Illinois Power's deferred tax balances. Ameren will not make that investment - which is necessary to accomplishing the Reorganization - in the absence of findings that protect that investment.

Ameren acknowledges that the effect of Illinova's assumption of Illinois Power's deferred tax liabilities and the tax treatment of the Reorganization is an increase in Illinois Power's combined electric and gas rate base at

December 31, 2006 by approximately $310 million. However, this increase in future rate base does not represent a windfall for Ameren, which is investing much more in Illinois Power than the amount of the increase in the post-closing rate base. Moreover, the increase in rate base must not be viewed in isolation, but in the broader context of the overall effect of the Reorganization on Illinois Power's costs.

As Ameren's witnesses explain, overall the Reorganization will have a positive effect on Illinois Power's financial condition, cost of service and quality and reliability of service. Ameren expects to achieve synergies and other cost savings at Illinois Power that more than offset the effect of the change in rate base.

This is a significant undertaking for Ameren, and, while it is one Ameren is fully capable of making, Ameren seeks assurances in this proceeding (through the requested prudence and reasonableness findings) that its investment in Illinois Power will be fully, adequately and properly recognized. Ameren expects that Illinois Power will emerge from the recapitalization as a creditworthy, investment grade entity, to the benefit of its customers and employees and the communities it serves. This important development should be properly encouraged by the Commission.

The evidence will show that Ameren's acquisition of Illinois Power is prudent and reasonable, taking into account the effect of the transaction on Illinois Power's deferred tax balances. Ameren expects that the overall effect will be to reduce Illinois Power's cost of service from what it would be absent the Reorganization. Moreover, the Reorganization brings other benefits, such as Ameren's commitment to specific capital expenditure minimums.

Accordingly, the Commission should make the following requested finding:

Ameren's acquisition of the common shares and the preferred shares of Illinois Power pursuant to the Stock Purchase Agreement is prudent and reasonable, and the public will benefit thereby, taking into consideration the effect of the

purchase on Illinois Power's deferred tax balances and rate-base valuation; as well as Ameren's proposed Illinois Power accounting entries associated with the acquisition, including the entries associated with the changes in the deferred tax balances, and the application of purchase accounting and the "push down" of associated accounting entries to the financial statements of Illinois Power.

The Commission should further find that:

The balance sheet and income statement impacts of purchase accounting entries "pushed down" to the financial statements of Illinois Power will not serve, individually or in the aggregate, to increase or decrease rate base, cost of service or any other factor upon which Illinois Power's rates will be determined in future Commission proceedings (except to the extent approved by the Commission pursuant to the Application as a partial recovery of Ameren's costs incurred to accomplish the Reorganization).

3. TERMINATION OF DIVIDEND RESTRICTION

In Docket No. 02-0561, the Commission restricted Illinois Power's ability to declare and pay dividends on its common stock, barring Illinois Power from declaring or paying a dividend unless Illinois Power's first mortgage bonds are rated at least BBB- by Standard & Poors and Baa3 by Moody's Investor Services and Illinois Power first obtains specific approval from the Commission for the declaration and payment of a dividend pursuant to Section 7-103 of the IPUA.

Because Ameren is undertaking to recapitalize Illinois Power, and because Ameren itself, unlike Dynegy, has an investment grade credit rating, the restrictions ordered in Docket No. 02-0561 are no longer necessary to protect Illinois Power and its customers in the future. Ameren requests that the Commission terminate the restriction, and enter a finding allowing Illinois Power to declare and pay a dividend on its common stock when its first mortgage bonds are rated either (i) at least BBB- by Standard & Poors or (ii) at least Baa3 by Moody's Investor Services. As Mr. Baxter discusses in his testimony, the requirement that at least one (rather than both) of these major rating agencies upgrade Illinois Power's bond ratings to investment grade will provide adequate

protection in the future, because Illinois Power will be owned by a financially strong, investment-grade-rated parent, and because of the other commitments that Ameren is making for the purpose of restoring Illinois Power's financial health.

As Mr. Baxter also explains, Ameren does not intend to misuse dividend authority in any respect. Ameren commits to establish a dividend policy at Illinois Power that is comparable to the dividend policies in effect at the other Ameren Utilities, consistent with achieving and maintaining the targeted capital structure with a common equity component of 50%-60%.

4. ASBESTOS RIDER

As discussed above, Illinois Power seeks approval of a rider that would provide for the recovery of certain prudent costs incurred in connection with asbestos-related claims, to become effective on January 2, 2007. Ameren is assuming substantial risk associated with the Reorganization in that it is inheriting substantial exposure with regard to claims related to asbestos exposure at Illinois Power facilities prior to October 1, 1999. While Ameren believes that it is fully capable of handling the risk posed by the Reorganization, it is not willing to assume the additional regulatory risk associated with the timely recovery of these costs. Accordingly, Ameren is proposing that AmerenIP be allowed to implement a rider, effective as of January 2, 2007, that would eliminate the regulatory lag risk associated with recovery of these costs. (See Appendix I, Tab B.)

The proposed rider, which is sponsored by Ameren witness Jon R. Carls, fully preserves the Commission's ratemaking authority. Recovery is limited to the prudent costs incurred by the utility, which is a determination to be made by the Commission. Consistent with the existing environmental remediation cost recovery riders in effect for Illinois Power and many other Illinois utilities, the cost recoveries under the asbestos rider will be subject to annual reconciliation and review in a proceeding before the Commission.

Moreover, recovery is limited to those costs that AmerenIP becomes legally obligated to pay after the rate freezes ends. There is no effort to shift costs from the rate freeze period to a future period.

The rider is reasonable and should be approved.

5. ELIMINATION OF INTERCOMPANY NOTE

A condition to closing set forth in the Stock Purchase Agreement is that neither Dynegy nor any affiliate have any continuing obligation under the Intercompany Note beyond closing. Ms. Peggy Carter explains in her prepared direct testimony how the Intercompany Note will be eliminated as part of the overall recapitalization of Illinois Power. As noted above, the current principal balance of the Intercompany Note is approximately $2.27 billion. This balance is not expected to change until the Intercompany Note is eliminated immediately prior to the closing of the acquisition of Illinois Power by Ameren, as described below.

Ms. Carter explains that there are three steps to the elimination of the Intercompany Note. These steps, which will occur within two days prior to the closing of the acquisition, are as follows: (i) the principal balance of the Intercompany Note will be reduced by the offset of certain payables Illinois Power owes to Illinova or other Dynegy entities, some of which will be assigned to Illinova prior to the offset by other Dynegy entities; (ii) the principal balance of the Intercompany Note will also be reduced by the amount of interest that has been paid by Illinova to Illinois Power on the Intercompany Note but has not been earned; and (iii) a portion of the remaining balance of the Intercompany Note will be eliminated in consideration of the assumption by Illinova of Illinois Power's net deferred tax obligations and the contemporaneous repurchase by Illinois Power of $635 million (based on the assumptions set forth in Ms. Carter's direct testimony) of Illinois Power's

common stock and its immediate cancellation of such stock./11/ The remaining balance of the Intercompany Note, estimated to be about $505 million, will be eliminated, and a corresponding reduction will be recorded to Illinois Power's balance of retained earnings.

The Commission should approve elimination of the Intercompany Note. Ameren's acquisition of Illinois Power cannot proceed unless the Intercompany Note is eliminated in full. Further, the elimination of the Intercompany Note is a key component of Ameren's recapitalization plan for AmerenIP.

6. CANCELLATION OF EXISTING AFFILIATE AGREEMENTS

Presently, Illinois Power is party to two affiliate agreements that should be terminated for the Reorganization to proceed: a Services and Facilities Agreement among Illinois Power, Dynegy and other affiliates of Dynegy; and a Netting Agreement among Illinois Power, Dynegy and certain other affiliates of Dynegy. The Services and Facilities Agreement and Netting Agreements are unnecessary once the transaction closes. Accordingly, the Commission should authorize cancellation of these agreements in connection with the closing of Ameren's acquisition of Illinois Power.

7. APPROVAL OF SHORT-TERM BORROWINGS

The Applicants seek authorization for Ameren to make short-term loans after closing to Illinois Power (and in connection therewith acquire promissory notes of Illinois Power evidencing such loans) in order to fund Illinois Power's capital improvements and working capital requirements. At present, Illinois Power does not have a bank credit facility and relies on prepayments of interest by Illinova on the Intercompany Note to fund working capital needs. Accordingly,

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/11/ In connection with step (iii), approval of the Commission is also sought for a tax liability assumption agreement between Illinois Power and Illinova pursuant to which Illinova will legally assume Illinois Power's deferred tax obligations. A copy of the proposed tax liability assumption agreement is provided as Applicants' Ex. 11.1.

in order to insure that immediately upon closing there is a mechanism in place by which Illinois Power can obtain short-term capital, Illinois Power requests authority to issue to Ameren, from time to time until January 1, 2007, up to $500 million principal amount at any time outstanding of promissory notes having maturities of less than one year. Any promissory note issued by Illinois Power to Ameren evidencing a loan may be subordinated to other indebtedness of Illinois Power and will bear interest at a rate and have a maturity date designed to parallel the effective cost of capital and maturity date of a similar debt instrument issued by Ameren. The aggregate amount of borrowings by Illinois Power under the Ameren Money Pool Agreement and direct short-term borrowings from Ameren outstanding at any time will not exceed $500 million.

WHEREFORE, for all the reasons discussed herein, Applicants respectfully request the Commission to issue an order approving the Reorganization and granting all such other relief as requested herein to effectuate the Reorganization.

Respectfully submitted,

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Exhibit D-3

CONTAINS REQUEST FOR PRIVILEGED TREATMENT PURSUANT TO 18 C.F.R. SS. 388.112

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Ameren Corporation	)	
Dynegy Inc.	)	Docket No. EC04-___-000
Illinova Corporation	)	
Illinova Generating Company	)	
Illinois Power Company	)	

JOINT APPLICATION FOR APPROVAL OF THE DISPOSITION OF JURISDICTIONAL FACILITIES UNDER SECTION 203 OF THE FEDERAL POWER ACT

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CONTAINS REQUEST FOR PRIVILEGED TREATMENT PURSUANT TO 18 C.F.R. SS. 388.112

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CONTAINS REQUEST FOR PRIVILEGED TREATMENT PURSUANT TO 18 C.F.R. SS. 388.112

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Ameren Corporation	)	
Dynegy Inc.	)	Docket No. EC04-___-000
Illinova Corporation	)	
Illinova Generating Company	)	
Illinois Power Company	)	

JOINT APPLICATION FOR APPROVAL OF THE DISPOSITION OF JURISDICTIONAL FACILITIES UNDER SECTION 203 OF THE FEDERAL POWER ACT

VOLUME I

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Ameren Corporation	)	
Dynegy Inc.	)	Docket No. EC04-___-000
Illinova Corporation	)	
Illinova Generating Company	)	
Illinois Power Company	)	

JOINT APPLICATION FOR APPROVAL OF THE DISPOSITION OF JURISDICTIONAL FACILITIES UNDER SECTION 203 OF THE FEDERAL POWER ACT

I. INTRODUCTION AND SUMMARY OF REQUESTED AUTHORIZATIONS AND FINDINGS.

Ameren Corporation ("Ameren"), Dynegy Inc. ("Dynegy"), Illinova Corporation ("Illinova"), Illinova Generating Company ("Illinova Generating"), and Illinois Power Company ("Illinois Power") (collectively, "Applicants") jointly submit this application ("Application") pursuant to Section 203 of the Federal Power Act ("FPA"),(1) and Part 33 of the regulations of the Federal Energy Regulatory Commission ("FERC" or the "Commission"),(2) and respectfully request certain Commission authorizations related to the disposition of jurisdictional facilities, as described herein.

First, Applicants respectfully request that the Commission issue an order approving, without condition:

(i) the sale by Illinova to Ameren of 100 percent of the outstanding common shares and approximately 73 percent of the preferred shares of Illinois Power, a public utility serving customers

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1 16 U.S.C. ss. 824b (2000).

2 18 C.F.R. Part 33 (2003).

pursuant to a retail utility franchise in the State of Illinois and at wholesale (collectively, the "IP Shares");(3) and

(ii) the sale by Illinova Generating to AmerenEnergy Resources Company ("AER"), a direct wholly-owned subsidiary of Ameren, Illinova Generating's 20 percent interest in Electric Energy, Inc. (the "EEInc Shares").(4)

Applicants request that the Commission approve the sale of the IP Shares to Ameren and the EEInc Shares to Ameren's subsidiary AER (collectively, the "IP Sale"), effective on the date of closing of the IP Sale.

Second, Applicants seek any Commission authorization necessary for Illinois Power to transfer functional control of its transmission facilities to the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO" or "MISO") (referred to herein as the "MISO Transfer"). Applicants respectfully submit that, pursuant to Atlantic City Electric Co.,(5) no prior Commission authorization is necessary for Illinois Power to join the Midwest ISO as a transmission owner or otherwise to transfer functional control of its FERC jurisdictional transmission facilities to the Midwest ISO. Nonetheless, because the Midwest ISO's tariff requires such an application, Applicants are requesting

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3 The remaining 27 percent of preferred shares of Illinois Power is held by various individuals and institutions.

4 Concurrent with this Application: (A) Dynegy Power Marketing, Inc. ("DYPM") is submitting to the Commission, under FPA Section 205: (i) an unexecuted power purchase agreement for the sale by DYPM of up to 2,800 MW of capacity and energy to Illinois Power, to run from the later of the closing date or January 1, 2005, through December 31, 2006; (ii) an unexecuted power purchase agreement for the sale by DYPM to IP of 300 MW of capacity in 2005 and 150 MW of capacity in 2006, with an option for Illinois Power to purchase associated energy; and (B) DMGI is submitting (i) an unexecuted agreement pursuant to which DMGI will provide Illinois Power with black start service; and (ii) an unexecuted Interim PPA Rider as an amendment to the existing power purchase agreement between DMGI and Illinois Power, to run from the date of closing of the IP Sale through December 31, 2004 (conditioned upon the IP Sale closing prior to January 1, 2005). Following closing of the IP sale, Illinois Power will rely on capacity and energy purchased from DYPM and other suppliers to serve its load.

5 295 F.3d 1 (D.C. Cir. 2002), petition for enforcement granted, 329 F.3d 856 (D.C. Cir. 2003).

Commission approval under FPA Section 203 for the MISO Transfer.(6) Applicants respectfully request that the Commission approve the MISO Transfer to be effective as soon as is feasible (given membership issues and technical coordination between Illinois Power and the Midwest ISO). Illinois Power intends to join the Midwest ISO within a reasonable time after the Commission issues an order approving the IP Sale and the MISO Transfer, and accepting for filing the agreements being submitted under FPA Section 205, without conditions that are unacceptable to the Applicants. In no event, however, will the IP Sale close prior to such date as Illinois Power joins the Midwest ISO.

The IP Sale and the MISO Transfer are consistent with the public interest and should be approved without condition or hearing-type procedures. As detailed below, the IP Sale and the MISO Transfer satisfy fully the requirements of the Commission's Merger Policy Statement and Order No. 642 that jurisdictional transactions have no adverse effect on competition, rates, or regulation.(7) In addition, the IP Sale and the MISO Transfer are merited on other public interest grounds.

o The IP Sale and the MISO Transfer will promote the Commission's stated goal of establishing integrated regional power markets. As detailed below, the Ameren subsidiaries that own and operate jurisdictional transmission facilities either have joined the Midwest ISO or have committed to do so through GridAmerica, an

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6 See Midwest ISO, FERC Electric Tariff, Second Revised Volume No. 1, ss. 1.62 (effective January 1, 2003) ("Midwest ISO Tariff"); Midwest ISO, FERC Electric Tariff, First Revised Rate Schedule No. 1, App. G, Recital A, Original Sheet No. 203 ("Midwest ISO Owners Agreement").

7 Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement, Order No. 592, FERC Stats. & Regs. [Regs. Preambles 1996-2000] P.31,044 (1996) ("Merger Policy Statement"), reconsideration denied, Order No. 592-A, 79 FERCP. 61,321 (1997). Revised Filing Requirements Under Part 33 of the Commission's Regulations, Order No. 642, FERC Stats. & Regs. [Regs. Preambles July 1996-Dec. 2000] P.31,111 (2000) ("Order No. 642"), on reh'g, Order No. 642-A, 94 FERC P. 61,289 (2001).

independent transmission company.(8) Further, through this Application, Illinois Power is seeking Commission authorization to join the Midwest ISO as a transmission owner. Illinois Power's membership in the Midwest ISO would fill one of the more substantial "holes" in the Midwest ISO and would eliminate many of the "seams" that would otherwise exist in that market, thus furthering the Commission's goal of creating integrated regional power markets.

o The IP Sale will benefit the Applicants and their customers. Ameren's acquisition of Illinois Power will provide Illinois Power with additional financial capital as well as an investment grade parent entity, Ameren, that will enable Illinois Power to continue to provide high-quality, reliable services to its wholesale and retail customers. In particular, Ameren has committed to providing Illinois Power with additional financial capital resulting in, among other things, the retirement of at least $750 million of Illinois Power's long-term debt by December 31, 2006, and the outlay of between $275 million and $325 million in new capital projects during the first two years of Ameren's ownership of Illinois Power. (9) Further, Ameren is committed to returning Illinois Power to investment grade status by at least one of the major rating agencies.

Accordingly, Applicants respectfully request that the Commission approve expeditiously the IP Sale and the MISO Transfer without condition, modification, or a trial-type hearing. To this end, Applicants request that the Commission set a 21-day period for public comment so that it may issue an order

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8 See Ameren Services Co., 100 FERC P. 61,135 at 61,511, 61,515 (2002); Alliance Cos., 100 FERC P. 61,137 at PP 13, 35 (2002).

9 See "Stock Purchase Agreement among Ameren Corporation, Illinova Corporation, Illinova Generating Company, and Dynegy Inc.", dated February 2, 2004, as subsequently amended by "Amendment No. 1 to Stock Purchase Agreement", dated March 23, 2004 (as amended, the "Stock Purchase Agreement"), Sched. 5.3(b).

authorizing the IP Sale and the MISO Transfer by no later than July 28, 2004. Prompt Commission action will benefit the market and is consistent with the public interest. Applicants wish to close the IP Sale at the earliest possible date, ideally in the third quarter of 2004, and a Commission order issued on or before July 28, 2004, is needed in order to do so.

II. DESCRIPTION OF APPLICANTS, RELEVANT AFFILIATES, AND THE TRANSACTIONS.

A. DESCRIPTION OF APPLICANTS AND RELEVANT AFFILIATES.

1. AMEREN CORPORATION AND RELEVANT AFFILIATES.

a. AMEREN CORPORATION.

Ameren is a registered holding company under the Public Utility Holding Company Act of 1935 ("PUHCA"), as amended.(10) Ameren does not directly own or operate any facilities subject to the Commission's jurisdiction and does not own any significant assets other than the stock of its subsidiaries. Ameren is the parent of three public utility operating companies: Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS, and Union Electric Company d/b/a AmerenUE (collectively, the "Ameren Operating Companies"). The Ameren Operating Companies, as well as other relevant Ameren subsidiaries, are described below.

b. AMERENCILCO.

AmerenCILCO, an Illinois corporation, is a wholly-owned, public utility operating company subsidiary of Ameren. AmerenCILCO provides retail electric service to approximately 200,000 customers and natural gas service to approximately 205,000 customers in central and east central Illinois.

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10 15 U.S.C. ss.ss. 79, et seq. (2000).

AmerenCILCO's retail operations are subject to the jurisdiction of the Illinois Commerce Commission ("ICC").

AmerenCILCO owns approximately 36 MW (net summer capability) of generating capacity at three generating facilities located within the State of Illinois.(11) AmerenCILCO owns approximately 331 circuit miles of electric transmission lines and 8,901 circuit miles of electric distribution lines. AmerenCILCO is interconnected with Commonwealth Edison Company ("ComEd"), Illinois Power, AmerenCIPS, and the Springfield City Water, Light and Power Department.

AmerenCILCO operates a control area separate from that of AmerenUE and AmerenCIPS. AmerenCILCO is a transmission-owning member of the Midwest ISO and has transferred functional control of its transmission system to the Midwest ISO.(12) Transmission service on the AmerenCILCO transmission system is provided pursuant to the terms of the Midwest ISO open access transmission tariff on file with the Commission.(13)

In addition, AmerenCILCO has a wholesale market-based rate tariff on file with the Commission,(14) as well as a tariff authorizing wholesale sales at cost-based rates.(15) AmerenCILCO also provides electric energy and capacity to

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11 On October 3, 2003, AmerenCILCO divested its ownership in three other power plants (with an aggregate generating capacity of 1,129 MW) to a wholly-owned subsidiary, Central Illinois Generation, Inc. (now named AmerenEnergy Resources Generating Company ("AERG")). See Cent. Ill. Light Co., 99 FERC P. 62,143 (2002) (approving divestiture).

12 Cent. Ill. Light Co., 86 FERC P. 62,233 (1999).

13 Midwest Indep. Sys. Operator, 84 FERC P. 61,231, order on reconsideration, 85 FERC P. 61,250, on reh'g, 85 FERC P. 61,372 (1998), Initial Decision, 89 FERC P. 63,008, aff'd and clarified, Opinion No. 453, 97 FERC P. 61,033 (2001), on reh'g, Opinion No. 453-A, 98 FERC P. 61,141 (2002), remanded sub nom, Midwest ISO Transmission Owners, et al., v. FERC, No. 02-1121 and Consolidated No. 01-1122 (D.C. Cir. Dec. 6, 2002). CILCO's OATT was terminated following the effective date of the MISO OATT, and replaced with a tariff for ancillary services only. See Cent. Ill. Light Co., 98 FERC P. 61,242, reh'g denied, 99 FERC P. 61,255 (2002).

14 Cent. Ill. Light Co., 83 FERC P. 61,252 (1998). See also Cent. Ill. Light Co., Triennial Market Power Analysis, Docket No. ER98-2440-002, June 1, 2001 (acceptance pending); Ameren Energy, Inc., Triennial Market Power Analysis, Docket No. ER00-2687-002, Dec. 10, 2003 (acceptance pending).

retail end-use customers within Illinois subject to regulation by the ICC and in accordance with the Illinois Electric Service Customer Choice and Rate Relief Act of 1997 (the "Illinois Customer Choice Law").(16)

In its order approving the acquisition of CILCO by Ameren, the Commission directed CILCO (later, AmerenCILCO), among other things, to increase transmission transfer capability into the AmerenCILCO control area by 192 MW within 24 months of closing, and by an additional 189 MW by December 31, 2008.(17) As outlined in Ameren's January 29, 2004 quarterly status report on transmission upgrades in Docket No. EC02-96-000, several of the planned upgrades have been completed, and all others due to be completed within 24 months of closing are on schedule to be completed by January 31, 2005.

c. AMERENCIPS.

AmerenCIPS, an Illinois corporation, is a wholly-owned, public utility operating company subsidiary of Ameren. AmerenCIPS provides retail electric service to approximately 325,000 customers and natural gas service to approximately 170,000 customers in central and southern Illinois. AmerenCIPS' retail operations are subject to the jurisdiction of the ICC. AmerenCIPS does not own or control any generating facilities. (18) AmerenCIPS owns approximately 1,916 circuit miles of electric transmission lines and approximately 13,324 circuit miles of electric distribution lines.

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15 Cent. Ill. Light Co., Letter Order, Docket No. ER95-602-000, Apr. 25, 1995.

16 200 Ill. Comp. Stat. Ann. 5/16-101, et seq. (2003). Pursuant to the Illinois Customer Choice Law, AmerenCILCO implemented a retail access program which became fully effective on May 1, 2002.

17 Ameren Services Co., 101 FERC P. 61,202 at PP 38, 45 (2002)

18 On May 1, 2000, AmerenCIPS transferred all of its generating assets to AmerenEnergy Generating Company ("AEG"), an indirect, wholly-owned subsidiary of Ameren. See Cent. Ill. Pub. Svc. Co., 89 FERC P. 62,125 (1999).

AmerenCIPS and its affiliate AmerenUE operate as a single control area and provide open access transmission service on a single-system basis under their joint Open Access Transmission Tariff ("OATT") on file with the Commission.(19) Combined, AmerenUE and AmerenCIPS are interconnected with 23 control areas.(20) AmerenCIPS, along with AmerenUE, has received conditional authorization from the Commission to join the Midwest ISO, through GridAmerica, an independent transmission company,(21) and expects to join the Midwest ISO by May 1 of this year (provided the Commission unconditionally approves the Service Agreement currently pending before it in Docket No. ER04-571-000). (22)

AmerenCIPS has a wholesale market-based rate tariff on file with the Commission.(23) AmerenCIPS also provides electric energy and capacity to retail end-use customers within Illinois as regulated by the ICC and in accordance with the Illinois Customer Choice Law.(24)

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19 Union Elec. Co., 77 FERC P. 61,026 (1996), reh'g denied, Opinion No. 417, 81 FERC P. 61,011, reh'g denied, Opinion No. 417-A, 82 FERC P. 61,093 (1998), remanded sub nom, Cent. Ill. Light Co. v. FERC, No. 98-1183 (D.C. Cir. May 21, 1999) (accepting joint OATT for filing, subject to refund and hearing proceedings); Central Ill. Pub. Svc. Co., 80 FERC P. 61,111 (1997) (accepting settlement and requiring refiling of OATT reflecting settlement).

20 Specifically, the AmerenUE/AmerenCIPS control area is interconnected with the following control areas: Alliant West, American Electric Power Company - East, Associated Electric Cooperative, Inc., Central and Southwest Corporation, AmerenCILCO, Cinergy Corporation, the Columbia MO Municipal System, the City of Springfield IL Water Light and Power Department, Commonwealth Edison Company, EEInc, Entergy Corporation, Illinois Power, Kansas City Power & Light Company, LG&E Energy, MidAmerican Energy Company, Missouri Public Service Company, Missouri Western Resources, Northern Indiana Public Service Company, Northern States Power Company, Southern Illinois Power Cooperative, the Southwestern Power Administration, Tennessee Valley Authority, and Western Resources, Inc.

21 Ameren Services Co., 100 FERC at 61,511, 61,515 ; Alliance Cos., 100 FERC at PP 13, 35.

22 On February 26, 2004, the Missouri Public Service Commission granted AmerenUE's request to join the Midwest ISO through GridAmerica. In re:
Application of Union Elec. Co., Order Approving Stipulation and Agreement, Case No. EO-2003-0271, Feb, 26, 2004.

23 Ameren Services Co., 84 FERC P. 61,144 (1998).

24 Pursuant to the Illinois Customer Choice Law, AmerenCIPS implemented a retail access program which became fully effective on May 1, 2002.

d. AMERENUE.

AmerenUE, a Missouri corporation, is a wholly-owned, public utility operating company subsidiary of Ameren. AmerenUE provides retail electric service to approximately 1.2 million customers and natural gas service to approximately 130,000 customers in central and eastern Missouri and west-central Illinois. AmerenUE's retail operations are subject to the jurisdiction of the MoPSC and the ICC.(25)

AmerenUE owns approximately 7,961 MW (net summer capability) of generating capacity at nine power plants located within the states of Missouri and Illinois.(26) AmerenUE owns approximately 3,230 circuit miles of electric transmission lines and approximately 32,596 circuit miles of electric distribution lines. As noted above, AmerenUE and its affiliate AmerenCIPS operate as a single control area and provide open access transmission service on a single-system basis under their joint OATT.(27) AmerenUE, along with AmerenCIPS, has received conditional authorization from the Commission to join the Midwest ISO, through GridAmerica, and expects to join the Midwest ISO by May 1 of this year (provided the Commission unconditionally approves the Service Agreement currently pending before it in Docket No. ER04-571-000).(28)

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25 AmerenUE has obtained ICC and FERC authorization to transfer to AmerenCIPS the portion of AmerenUE's "retail electric and gas operations" located in Illinois. See Union Elec. Co., Illinois Commerce Comm'n Docket No. 03-0083, 2003 Ill. PUC LEXIS 632 at *2, July 23, 2003; Union Elec. Co., 105 FERC P. 62,186 (2003).

26 This figure excludes AmerenUE's 40 percent interest in EEInc (see infra Section II.A.1.f). On February 5, 2003, AEG and AmerenUE filed a joint application with the Commission under FPA Section 203 to transfer certain generating assets from AEG to AmerenUE. On May 5, 2003, the Commission set for hearing the issue of the effect of this proposed transaction on competition. Ameren Energy Generating Co., 103 FERC P. 61,128 (2003).

27 See supra n.19.

28 Ameren Services Co., 100 FERC at 61,511, 61,515; Alliance Cos., 100 FERC at PP 13, 35.

AmerenUE is authorized to make wholesale sales at market-based rates.(29) AmerenUE also provides electric energy and capacity to retail end-use customers within Illinois as regulated by the ICC and in accordance with the Illinois Customer Choice Law.(30)

e. OTHER AMEREN SUBSIDIARIES.

In addition to the Ameren Operating Companies described above, Ameren has several non-operating company energy subsidiaries relevant to the Application.

AmerenEnergy Resources Company. AER, an Illinois corporation, is a direct wholly-owned subsidiary of Ameren. AER, through various subsidiaries, conducts Ameren's generation and wholesale merchant function (with the exception of wholesale sales made directly by the Ameren Operating Companies). AER subsidiaries relevant to this Application include: (i) AmerenEnergy Generating Company ("AEG"), which owns approximately 4,754 MW (net summer capability) of generating capacity at power plants located in the states of Missouri and Illinois;(31) (ii) AmerenEnergy Marketing Company, which markets power produced by AEG and others;(32) (iii) AmerenEnergy Development, which develops and

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29 Union Elec. Co., 80 FERC P. 61,352 (1997). See also Ameren Energy, Inc., Letter Order, Docket No. ER00-2687-001, Nov. 2, 2000 (accepting for filing triennial market power update); Ameren Energy, Inc., Triennial Market Power Analysis, Docket No. ER00-2687-002, Dec. 10, 2003 (acceptance pending).

30 Pursuant to the Illinois Customer Choice Law, AmerenUE implemented a retail access program which became effective on October 1, 1999. 220 ILCS 5/16-104.

31 AEG is an Exempt Wholesale Generator ("EWG"), AmerenEnergy Generating Co., 92 FERC P. 62,023 (2000), and has been authorized by the Commission to sell power at market-based rates, AmerenEnergy Generating Co., 93 FERC P. 61,024 (2000), reh'g denied, 95 FERC P. 61,009 (2001). On February 5, 2003, AEG and AmerenUE filed a joint application with the Commission under FPA Section 203 to transfer certain generating assets from AEG to AmerenUE. On May 5, 2003, the Commission set for hearing the issue of the effect of this proposed transaction on competition. Ameren Energy Generating Co., 103 FERC P. 61,128 (2003), reh'g pending. On February 5, 2004, the Presiding Judge issued an Initial Decision finding that the proposed transaction is consistent with the public interest. Ameren Energy Generating Co., 106 FERC P. 63,011 (2004).

32 AmerenEnergy Marketing is authorized to sell power at market-based rates. Madison Gas & Elec. Co., 90 FERC at 61,349-50 (market-based rate tariff filed under name "Marketing Company"). AmerenEnergy Marketing currently purchases energy and capacity from AEG for resale to AmerenCIPS in order to allow AmerenCIPS to serve its bundled retail load pursuant to contracts on file with FERC, and for resale to others. AmerenEnergy Marketing also provides wholesale electric service to several full or partial requirements customers.

constructs generating facilities for AEG and other affiliated entities;(33) (iv) AmerenEnergy Fuels, which provides fuel and energy-related products and services to Ameren and the Ameren Operating Companies; and (v) Medina Valley Cogen, LLC, which owns a 38 MW gas-fired generating facility. In addition, AER holds a 20 percent interest in EEInc.(34)

AmerenEnergy Resources Generating Company. AmerenEnergy Resources Generating Company ("AERG"), formerly named Central Illinois Generation, Inc., is a wholly-owned subsidiary of AmerenCILCO. On October 2, 2003, AERG acquired AmerenCILCO's 100 percent interest in three generating facilities, with an aggregate capacity of 1,129 MW (including a small amount of transmission facilities directly related to the generating plants). Other than these generating and related transmission facilities, AERG owns no electric generating, transmission, or distribution assets.

AmerenEnergy, Inc. AmerenEnergy, Inc. ("AEI"), a Missouri corporation, is a direct wholly-owned subsidiary of Ameren. AEI serves as a power trading and risk management agent for AmerenUE and AERG.

Ameren Services Company. Ameren Services Company ("Ameren Services"), a Missouri corporation, is a direct wholly-owned subsidiary of Ameren. Ameren Services provides administrative, accounting, legal, engineering, executive, and other support services to Ameren and its subsidiaries.

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33 AmerenEnergy Development is an EWG, Ameren Energy Dev. Co., 93 FERC P. 62,211 (2000), and has been authorized to make wholesale sales at market-based rates, Ameren Energy Dev. Co., Letter Order, Docket Nos. ER01-294-000, et al., Feb. 9, 2001.

34 See infra Section II.A.1.f.

f. ELECTRIC ENERGY, INC.

EEInc owns and operates a six-unit coal-fired generating facility, with a capacity of approximately 1,014 MW, located in Joppa, Illinois (the "Joppa Station").(35) In addition, through a wholly-owed subsidiary, Midwest Electric Power Inc. ("MEP"), EEInc owns and operates two combustion turbines with a summer net capability of approximately 72 MW located at the Joppa Station.(36) EEInc is jointly owned by four parties (collectively, the "EEInc Owners"): AER (20%); AmerenUE (40%), Illinova Generating (20%); and LG&E Energy Corporation's Kentucky Utilities ("KU") (20%).(37)

EEInc supplies electric power to USEC Inc.'s uranium enrichment plant near Paducah, Kentucky, and sells surplus power at wholesale to the Tennessee Valley Authority and the EEInc Owners pursuant to rates on file with the Commission.(38) EEInc also owns six transmission lines that transmit power from

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35 EEInc is an EWG. Elec. Energy, Inc., Letter Order, in Docket No. EG00-148- 000, Aug. 1, 2000.

36 MEP, an EWG, operates three additional turbines at the Joppa Station, with a summer net capability of approximately 162 MW, owned by AEG. Midwest Elec. Power Inc., Letter Order in Docket No. EG00-149-000, July 21, 2000. MEP's wholesale rates are on file with the Commission. Midwest Elec. Power Inc., Letter Order, Docket No. ER00-3353-000, Sept. 8, 2000.

37 The EEInc Bylaws delineate certain rights and obligations of the EEInc Owners, including their respective entitlements to receive and obligation to purchase from EEInc a portion of the capacity of the EEInc generating facilities not used for furnishing the power requirements of the DOE. The EEInc Owners subsequently entered into a Power Supply Agreement which more clearly defined the commercial terms, rights and responsibilities of the parties to the agreement in relationship to this capacity and energy provided from the EEInc generating units. Under this Power Supply Agreement, the right to purchase capacity may be independent from the ownership of EEInc.

While Illinois Power transferred its 20 percent share in EEInc to Illinova Generating, it specifically retained its rights and obligations under the aforementioned Power Supply Agreement. Thus, during the term of this Power Supply Agreement - i.e., through December 31, 2005 - Illinova Generating has no rights to power from the EEInc units as it did not succeed to Illinois Power's rights under the Power Supply Agreement. The allocation of rights to the EEInc units and their capacity is discussed further in the Frame Testimony.

38 See Elec. Energy, Inc., 29 FERC P. 61,212 (1984) (accepting, inter alia, letter agreement modifying interim, supplemental, and surplus power agreement between EEInc and its owners).

the Joppa Station to the uranium enrichment plant. EEInc has an OATT on file with the Commission.(39)

2. DYNEGY INC. AND RELEVANT AFFILIATES.

a. DYNEGY INC.

Dynegy, an Illinois corporation, is an exempt holding company under PUHCA. Dynegy is engaged, through direct or indirect subsidiaries, in the gathering, processing, marketing, and distribution of natural gas and natural gas liquids, as well as the generation, marketing, transmission, and distribution of electric power.

b. DYNEGY MIDWEST GENERATION, INC.

DMGI, an Illinois corporation and an indirect wholly-owned subsidiary of Dynegy, owns and operates eight fossil-fueled generating facilities, with an aggregate generating capacity of approximately 3,812 MW, located entirely within Illinois Power's control area.(40) DMGI has received blanket Commission authorization to make wholesale sales of capacity and energy at market-based rates.(41) DMGI is also the seller under several power purchase agreements with Illinois Power.

In particular, on October 1, 1999, Illinois Power and DMGI, then named Illinova Power Marketing, Inc. ("IPM"), entered into a power purchase agreement in connection with the sale of Illinois Power's generating assets to IPM (the "Original PPA"). On May 14, 2000, Illinois Power and DMGI entered into a Negotiated Tier 1 Memorandum, effective January 1, 2001, which, pursuant to the

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39 See Baltimore Gas & Elec. Co., Letter Order, Docket Nos. OA96-156-001, et al. (Feb. 24, 1999).

40 These generating facilities were sold by Illinois Power to Illinova, which then contributed the facilities to its wholly-owned subsidiary DMGI (formerly named Illinova Power Marketing, Inc.) on October 1, 1999. See also Ill. Power Corp., 88 FERCP. 62,229 (1999) (approving sale).

41 Midwest Generation, Inc., Letter Order, Docket No. ER00-1895-000 (2000) (DMGI was formerly named Illinova Power Marketing, Inc., which received Commission authorization to sell capacity and energy at market-based rates by Letter Order dated August 28, 1999, in Docket No. ER99-3208-000).

terms of the Original PPA, revised the core price and volume terms of the Original PPA (the "Negotiated Tier 1 Memorandum").(42) Most recently, on May 27, 2003, Illinois Power and DMGI entered into a "Negotiated Tier 2 Memorandum" pursuant to which DMGI sells Illinois Power 45 MW of energy, with an option for Illinois Power to purchase up to an additional 85 MW of energy (the "Negotiated Tier 2 Memorandum").(43)

As part of the IP Sale, the Original PPA, Negotiated Tier 1 Memorandum, and Negotiated Tier 2 Memorandum (collectively, the "Current PPAs") will be terminated effective on the later of the date of closing of the IP Sale or December 31, 2004, unless closing occurs subsequent to December 31, 2004, and notice of termination is given under the Original PPA (which may be given by either party any time on or before March 30, 2004), in which case IP and DMGI or another Dynegy affiliate may enter into a replacement contract that would be effective as of January 1, 2005, and would terminate by its terms upon the closing of the IP Sale. In place of the Current PPAs, (or any replacement thereof), DYPM and Illinois Power will enter into: (i) a new power purchase agreement, based on the Original PPA, for up to 2,800 MW of capacity and associated energy, effective until December 31, 2006 (the "Base PPA"); and (ii) a "memorandum" power purchase agreement for 300 MW of capacity in 2005 and 150 MW of capacity in 2006 (the "Memorandum PPA"), also effective until December 31, 2006.(44) In the event the IP Sale closes prior to January 1, 2005, DMGI and

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42 Dynegy Midwest Generation, Inc., Letter Order, Docket No. ER01-136-001, Jan. 22, 2001. The Negotiated Tier 1 Memorandum was designated Dynegy Midwest Generation, Inc., Rate Schedule FERC No. 2, Supplement No. 1, Original Sheets No. 45-52.

43 The Negotiated Tier 2 Memorandum had an initial term of six months, with subsequent evergreen renewals for three months each. Accordingly, DMGI considers this Negotiated Tier 2 Memorandum a short-term agreement and, thus, did not file it with the Commission.

44 DMGI and Illinois Power reserve their right under the Original PPA to issue a notice at any time on or before March 30, 2004 of their election not to renew that agreement. In such event, the Original PPA will terminate as of January 1, 2005, regardless of whether the IP Sale closes on or prior to that date. Illinois Power and DMGI or DYPM would then enter into a replacement PPA that, subject to the receipt of all necessary regulatory approvals, would apply from January 1, 2005 until the closing date of the IP Sale.

Illinois Power will amend the Original PPA with an "Interim PPA Rider" so that dispatch control of DMGI's generating units transfers to DMGI on closing. The Base PPA, Memorandum PPA, and Interim PPA Rider (collectively, the "New PPAs") are discussed further in the application under FPA Section 205 being filed concurrently with this Application.(45)

Notably, under all three of the New PPAs, Illinois Power will not be able to control dispatch of the generating units owned by DMGI (and used to supply power under the Current PPAs) except as required by Illinois Power to ensure reliability. Accordingly, as discussed below and in the Prepared Direct Testimony of Mr. Rodney Frame, control of the DMGI units should be attributed to DMGI or DYPM, not Illinois Power, for any market power or market concentration analyses.

c. ILLINOVA CORPORATION.

Illinova, an Illinois corporation and wholly-owned subsidiary of Dynegy, is an exempt holding company under PUHCA pursuant to 15 U.S.C. ss. 79c(a)(1). Illinova does not directly own, operate, or control any facilities used for the generation, transmission, or distribution of electric energy and power in interstate commerce. Illinova is the parent of Illinois Power and Illinova Generating.(46)

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45 The Stock Purchase Agreement also requires Illinois Power to initiate certain Requests for Proposals ("RFPs") in 2004 to replace Illinois Power's current 700 MW purchase of capacity from the Clinton nuclear generation facility, which expires at the end of 2004. This obligation to conduct an RFP is not contingent upon closing of the IP Sale, and Dynegy intends that Illinois Power will execute a contract with the winning bidder or bidders regardless of whether the IP Sale is consummated.

46 Illinova is also the parent of IGC/ERI PanAm Thermal Generating, an Exempt Wholesale Generator. See Letter Order, 88 FERC P. 62,013 (1999).

d. ILLINOIS POWER COMPANY.

Illinois Power, a direct wholly-owned subsidiary of Illinova, is an electric and natural gas public utility operating company that owns and operates electric transmission and distribution facilities and natural gas distribution facilities located in central and southern Illinois. Illinois Power provides retail electric service to approximately 600,000 customers and retail natural gas distribution service to approximately 415,000 customers located in northern, central and southern Illinois. Illinois Power's retail operations are subject to the jurisdiction of the ICC. Illinois Power also transmits electric energy at wholesale, subject to the Commission's jurisdiction, as well as for unbundled retail purposes.

Illinois Power owns approximately 1,672 circuit miles of electric transmission lines, 17 transmission-only substations, six transmission substations with distribution facilities, 41 distribution substations with transmission facilities, and approximately 37,765 circuit miles of electric distribution lines. The only generating facilities owned by Illinois Power are three diesel generators with a combined net generating capacity of 5.25 MW, jointly owned by Illinois Power and State Farm Mutual Automobile Insurance Company ("State Farm"). Illinois Power controls additional generating assets only to the extent provided for in the Current PPAs. Illinois Power does not own or control any interstate natural gas transmission pipelines, although it does own 763 miles of Hinshawed gas transmission pipelines having diameters ranging from approximately two inches to 20 inches, which it operates on an open-access basis for non-residential customers.(47) Following consummation of the IP Sale, Illinois Power will continue to operate as a separate control area.

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47 In addition, Illinois Power owns approximately 7,670 miles of natural gas distribution lines.

Illinois Power owns several subsidiaries, none of which, however, is involved in activities subject to the jurisdiction of the Commission.

e. ILLINOVA GENERATING COMPANY

Illinova Generating, a direct wholly-owned subsidiary of Illinova, owns 20 percent of the outstanding shares of EEInc, described in Section II.A.1.f, above.

f. DYNEGY POWER MARKETING INC.

DYPM, an indirect wholly-owned subsidiary of Dynegy, has received Commission authorization to sell capacity and energy at market-based rates.(48) Pursuant to an agreement between DYPM and DMGI, DYPM has the exclusive right to market all of the capacity and energy produced by the DMGI units not sold to Illinois Power under the Current PPAs.

B. DESCRIPTION OF THE TRANSACTIONS.

1. THE IP SALE.

The IP Sale will be implemented in accordance with the "Stock Purchase Agreement among Ameren Corporation, Illinova Corporation, Illinova Generating Company, and Dynegy Inc." dated February 2, 2004, as subsequently amended by the "Amendment No. 1 to Stock Purchase Agreement" dated March 23, 2004 (as amended, the "Stock Purchase Agreement"). A copy of the Stock Purchase Agreement is attached hereto at Exhibit I. Pursuant to the Stock Purchase Agreement: (i) Illinova has agreed to sell, and Ameren has agreed to purchase, the IP Shares; and (ii) Illinova Generating has agreed to sell, and Ameren has agreed to purchase, through AER, the EEInc Shares.(49) A further description of the IP

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48 Dynegy Power Marketing, Inc., Letter Order, Docket No. ER99-4160-000 (1999) (DYPM is successor to Electric Clearinghouse, Inc., which received Commission authorization to sell capacity and energy at market-based rates by Letter Order dated April 7, 1994 in Docket No. ER94-968-000).

49 Stock Purchase Agreement ss. 2.1.

Sale is provided in the Prepared Direct Testimony of Mr. Warner L. Baxter, Chief Financial Officer and Executive Vice President of Ameren, Appendix 2 hereto ("Baxter Testimony").

As explained by Mr. Baxter, in accordance with the Stock Purchase Agreement, Ameren has agreed to pay Illinova $2.3 billion for the IP Shares and the EEInc Shares, subject to certain adjustments.(50) Included as exhibits to the Stock Purchase Agreement are certain ancillary agreements that will be executed upon or immediately after closing of the IP Sale, namely: (i) a Generation Agreement (Exhibit B);(51) (ii) two Generation Indemnification Termination Agreements (Exhibits C-1 and C-2); (iii) three power purchase agreements (Exhibits D, H, and I) (the "New PPAs" noted above in Section
II.A.2.b); (iv) a Black Start Service Agreement (Exhibit F); and (v) an Escrow Agreement (Exhibit G).(52) The New PPAs and the Black Start Service Agreement are being submitted to the Commission under FPA Section 205 concurrently with the present Application.

As noted above, the Base PPA and Memorandum PPA provide for the delivery of power from DYPM to Illinois Power from the later of the date of closing of the IP Sale or January 1, 2005, through December 31, 2006. In the event the IP Sale

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50 Id. ss. 2.2.

51 At the time of the execution of the Stock Purchase Agreement, the Generation Agreement was not yet complete and required, among other things, the mutual development of schedules by the parties specifying the assets to be transferred. At the present time, the Generation Agreement is close to being finalized and the Applicants expect that it will be filed with the Commission in the next several weeks in a separate filing under FPA Section 203.

The details of the Generation Agreement, however, are not relevant to the present Application. Contrary to the name of the agreement, the Generation Agreement does not provide for the transfer of any assets capable of generating electric power, nor do the Applicants contemplate including such assets in the schedules yet to be finalized. Rather, the Generation Agreement provides for the transfer of certain facilities incidental to generation - such as relays, busses, switches, and the like, as well as personal property - between Illinois Power and DMGI. Accordingly, insofar as the Generation Agreement does not involve the transfer of any generation capability, Applicants submit that its terms have no bearing on the Commission's review of the IP Sale as "consistent with the public interest".

52 Id. ss. 5.21(d). The Memorandum PPA is defined as an "Ancillary Agreement" under the Stock Purchase Agreement. In addition, an Easement and Facilities Agreement will be executed upon or immediately after closing of the IP Sale. A term sheet for the Easement and Facilities Agreement is Exhibit E to the Stock Purchase Agreement.

closes prior to January 1, 2005: (i) Illinois Power will continue to acquire energy, capacity, and ancillary services from DMGI in accordance with the Original PPA, Negotiated Tier 1 Memorandum, and Negotiated Tier 2 Memorandum currently in effect between Illinois Power and DMGI, and (ii) Illinois Power and DMGI will enter into the Interim PPA Rider to transfer dispatch control of DMGI's generating units from Illinois Power to DMGI.(53)

The Applicants request that the Commission grant all authorizations necessary to permit the closing of the series of transactions described in the Stock Purchase Agreement, notwithstanding the fact that only certain of the actions contemplated by the Stock Purchase Agreement are subject to the Commission's jurisdiction under Part II of the FPA. For the sake of convenience, the Applicants are the same parties as the signatories to the Stock Purchase Agreement, with the addition of Illinois Power. By serving as a party to this Application, no applicant concedes that it is a "public utility" subject to the Commission's jurisdiction by virtue of the actions contemplated by the Stock Purchase Agreement or otherwise.

2. THE MISO TRANSFER.

Ameren is committed to the Ameren Operating Companies joining the Midwest ISO. Further, Dynegy is committed to Illinois Power joining the Midwest ISO between: (i) the time the Commission issues an order approving the IP Sale and the MISO Transfer, and accepting for filing the agreements being submitted under FPA Section 205, without any conditions that are unacceptable to Applicants, and (ii) the date of closing of the IP Sale. Applicants commit that

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53 In the Interim PPA Rider, Illinois Power and DMGI commit to developing and implementing protocols and procedures for communication of information and other operational matters as may be needed to facilitate the dispatch of DMGI's units.

the IP Sale will not close until and unless Illinois Power first becomes a transmission-owning member of the Midwest ISO.

In accordance with these commitments, Applicants herein seek all Commission authorizations necessary for Illinois Power to effectuate such a transfer of functional control over its jurisdictional transmission facilities to the Midwest ISO.54 Enclosed as Appendix 3 to this Application is the Prepared Direct Testimony of Mr. David A. Whiteley, Ameren's Senior Vice President, Energy Delivery, explaining how Illinois Power joining the Midwest ISO is consistent with the public interest.

a. BACKGROUND.

On September 16, 1998, the Commission approved the Midwest ISO's application as an Independent Transmission System Operator and approved the transfer of functional control to the Midwest ISO of nine utilities' jurisdictional assets.55 On December 20, 2001, the Commission approved the Midwest ISO as the first Regional Transmission Organization ("RTO").56 On February 1, 2002, the Midwest ISO began functioning as an RTO, and its current membership includes approximately 27 transmission owners, four Independent Transmission Companies, 46 non-transmission-owning members, and one coordinating company. As noted above, the Ameren Operating Companies have all either become members of the Midwest ISO or are presently seeking to become members.

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54 Applicants believe that, pursuant to Atlantic City Electric Co., no prior Commission authorization is necessary for Illinois Power to join the Midwest ISO as a transmission owner or otherwise to divest control over its jurisdictional transmission facilities to the Midwest ISO. 295 F.3d 1. Nonetheless, because the Midwest ISO tariff requires such an application, Applicants are requesting Commission prior approval under FPA Section 203 for the MISO Transfer. See Midwest ISO Tariff ss. 1.62; Midwest ISO Owners Agreement, App. G, Recital A, Original Sheet No. 203.

55 Midwest ISO, 84 FERCP. 61,321.

56 Midwest Indep. Transmission Sys. Operator, Inc., 97 FERC P. 61,326 (2001), reh'g denied, 103 FERC P. 61,169 (2003).

b. PRESENT REQUEST.

Applicants seek for Illinois Power to become a member of the Midwest ISO as it will benefit the Ameren Operating Companies, Illinois Power, and the Midwest ISO and its members, as described herein. Illinois Power commits to become a member of the Midwest ISO within a reasonable time after the issuance of a Commission order approving the IP Sale and the MISO Transfer, and accepting for filing the agreements being submitted under FPA Section 205, without conditions that are unacceptable to Applicants, but in any event prior to the closing of the IP Sale. Upon consummation of the MISO Transfer, all access to and use of Illinois Power's transmission facilities identified in Appendix 4 hereto will be functionally controlled and managed by the Midwest ISO.(57) As explained in Part III.B, below, such transfer of functional control is consistent with the public interest and should be approved.

III. THE IP SALE AND THE MISO TRANSFER ARE CONSISTENT WITH THE PUBLIC INTEREST.

Under FPA Section 203, the Commission will approve a proposed transaction if it determines that the transaction is "consistent with the public interest".(58) The Commission applies a three-part test set forth in the Merger Policy Statement(59) and in Order No. 642(60) to determine whether a proposed transaction is consistent with the public interest under FPA Section 203. Specifically, the Commission examines the effect of a proposed transaction on: (1) competition, (2) rates, and (3) regulation. As demonstrated in this

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57 Appendix 4 identifies Illinois Power facilities for which functional control will be transferred to the Midwest ISO. As a general matter, these facilities consist of transmission lines operating at a rating of 100kV and above, and related facilities.

58 16 U.S.C. ss. 824b(a).

59 Merger Policy Statement, FERC Stats. & Regs. P. 31,044 at 30,111.

60 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,874-78; 18 C.F.R. ss.33.2(g). See also, e.g., Orion Power Holdings, Inc., 98 FERC P. 61,136 (2002); DTE Energy Co., 97 FERC P. 61,330 (2001); The AES Corp., 94 FERC P. 61,240 (2001); New Energy Ventures, Inc., 88 FERCP. 62,067 (1999).

Application and supporting materials, the IP Sale and the MISO Transfer will have no adverse effect in any of these areas. Accordingly, the IP Sale and the MISO Transfer are consistent with the public interest and should be approved.

A. THE IP SALE IS CONSISTENT WITH THE PUBLIC INTEREST.

1. THE IP SALE WILL HAVE NO ADVERSE EFFECT ON COMPETITION.

In Order No. 642, the Commission stated that its objective in analyzing a proposed transaction's effect on competition is to determine whether such disposition "will result in higher prices or reduced output in electricity markets."(61) The Commission has ruled that higher prices and reduced output in electricity markets may occur if FPA Section 203 applicants are able to exercise market power, either alone or in coordination with other firms.(62) As detailed in the Prepared Direct Testimony of Mr. Rodney Frame, Appendix 5 hereto ("Frame Testimony") and demonstrated below, the IP Sale will have no adverse impact on competition and, accordingly, should be approved.

a. THE IP SALE WILL HAVE NO ADVERSE EFFECT ON HORIZONTAL COMPETITION.

In his testimony, Mr. Frame analyzes the impact of the IP Sale on horizontal competition, as described below.

i. LONG-TERM AND SHORT-TERM CAPACITY.

Mr. Frame first analyzes the impact of the IP Sale on long-term capacity (capacity sales of one year or longer) and short-term capacity (capacity sales of up to one year). Mr. Frame concludes that the IP Sale will have no adverse effect on either of these measures of capacity.

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61 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,879.

62 Id.

The Commission has held that market power concerns are not present in long-term capacity markets unless market participants possess the ability to create barriers to entry of new competitors in the market. Mr. Frame explains that there already are no such barriers involved here, given the significant amount of new generation expected to commence operations in the region in the 2004 to 2006 period. Mr. Frame also examines Ameren's ability to control key inputs to electricity generation, and concludes that Ameren will have no such ability. With respect to short-term capacity, Mr. Frame analyzes the impact that the IP Sale will have on uncommitted capacity that would be available to make short-term sales. He concludes that the transaction will reduce the concentration of uncommitted capacity available for sales into the short-term capacity market.

ii. ECONOMIC CAPACITY AND AVAILABLE ECONOMIC CAPACITY.

In the Merger Policy Statement, the Commission adopted a "delivered price test" as a screen in order to measure the effect of a proposed transaction on the ability of entities to exercise market power in generation with respect to two measures of capacity - Economic Capacity and Available Economic Capacity.(63) Appendix A of the Merger Policy Statement details the analytic methodology that merger applicants must follow in their applications and that the Commission will use in screening the competitive impact of mergers (the "Competitive Analysis Screen").(64) In Order No. 642, issued four years later, the Commission established revised filing requirements for FPA Section 203 applications.(65) In doing so, the Commission affirmed use of the Competitive Analysis Screen set forth in the Merger Policy Statement.(66) As explained in

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63 Merger Policy Statement, FERC Stats. & Regs. P. 31,044 at 30,130-32.

64 Id. at 30,128-37.

65 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,871-72.

66 Id. at 31,872.

the Frame Testimony, Mr. Frame conducted a Competitive Analysis Screen with regards to the IP Sale and has concluded that the IP Sale will have no adverse effect on horizontal competition in generation for Economic Capacity or Available Economic Capacity.(67)

As required under a Competitive Analysis Screen, Mr. Frame examined the ability of the Applicants, following the IP Sale, to deliver both Economic Capacity and Available Economic Capacity from generating resources to a variety of "destination" markets under three different scenarios: (i) between closing of the IP Sale and the end of 2005 (Mr. Frame's "Pre-2006" analysis); (ii) after the end of 2005 (Mr. Frame's "Post-2005" analysis); and (iii) for a combined EEInc-Tennessee Valley Authority ("TVA") destination market following closing of the IP Sale (Mr. Frame's "USEC Load" analysis). These three approaches were designed by Mr. Frame to take into account changes in the disposition of the output from EEInc, changes in responsibility for serving Illinois Power's retail load, and the unique characteristics of the EEInc control area.

As explained by Mr. Frame, the determination of whether a proposed transaction raises horizontal competitive concerns in generation under the Competitive Analysis Screen is measured initially by the impact that the proposed transaction has on the relevant Herfindahl-Hirschmann Index ("HHI") for generation.(68) In particular, a proposed transaction will raise concerns if:
(i) the post-transaction HHI for Economic Capacity or Available Economic Capacity is greater than 1800 and the transaction raises the HHI by 50 or more points; or (ii) if the post-transaction HHI is between 1000 and 1800 and the transaction

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67 Mr. Frame defines: (i) Economic Capacity as all generation capacity located within the destination market being examined, or that can be delivered there after accounting for transmission prices, losses and limits, at a delivered price that is no more than 1.05 times the competitive price in the market; and
(ii) Available Economic Capacity as equal to Economic Capacity less that required to meet firm retail and pre-existing wholesale load commitments.

68 Frame Testimony at 10-11.

raises the HHI 100 or more points.(69) Increases in HHIs above these threshold levels are referred to as "screen violations". In the absence of any screen violations, a proposed transaction is not considered to raise horizontal market concerns for generation. If screen violations are found, further analysis of the reasons for such violations is required in order to determine whether a competitive problem exists.

As explained in the Frame Testimony, Mr. Frame's Pre-2006 and Post-2005 analyses examine transaction-induced changes in concentration in six individual control area destination markets: AmerenUE/AmerenCIPS, AmerenCILCO, Illinois Power, Commonwealth Edison Company ("ComEd"), City of Springfield IL Water Light and Power Department ("CWLP"), and the Southern Illinois Power Cooperative ("SIPCO"). As explained by Mr. Frame, these are the control areas where competitive problems most likely would occur. For each of these six control area destination markets, Mr. Frame uses both Economic Capacity measures and Available Economic Capacity measures to assess changes in market concentration during three seasons (summer, winter and spring/fall) and five load levels in each season. Overall, Mr. Frame finds that "the transaction will not have an adverse effect on competition to supply long-term capacity" and that "the effect of the proposed transaction on short-term capacity markets is pro-competitive."(70)

Mr. Frame identifies, however, certain minor violations of the Appendix A screen for Economic Capacity in his Post-2005 analysis for the destination market of the combined AmerenUE/AmerenCIPS control area. As explained by Mr. Frame, under this analysis, the HHI changes during 2006 for the AmerenUE/AmerenCIPS control area as a result of the IP Sale are all between 50

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69 See, e.g., Ameren Services Co., 101 FERC P. 61,202 at P 30 n.15 (2002); CP&L Holdings, Inc., 92 FERC P. 61,023 at 61,053 n.14 (2000), reh'g denied, 94 FERC P. 61,096 (2001); IES Utilities, Inc., 78 FERC P. 61,023 at 61,093 n.12, order affirming in part and denying in part, Opinion No. 419, 81 FERC P. 61,187
(1997), reh'g denied, 82 FERC P. 61,089 (1998).

70 Frame Affidavit at 5.

and 100 points. Under the DOJ/FTC merger guidelines, these increases in HHIs are considered screen violations (since the post-merger HHI is greater than 1800 and the pre- to post-merger change in HHI is greater than 50 points). According to Mr. Frame, these screen violations are entirely due to the combined facts that:
(i) under one view of the IP Sale, Ameren will be acquiring the equivalent of 218 MW of generating capacity as a result of AER's acquisition of the EEI Shares, and (ii) the existing agreement for the sale of this amount of capacity to Illinois Power will expire at the end of 2005.(71) Mr. Frame concludes, however, these minor screen violations can be remedied through Ameren committing to sell, under certain conditions, up to 125 MW of capacity from EEInc's coal-fired Joppa station (the "Joppa Station"),(72) in the manner discussed in the Prepared Direct Testimony of Mr. Craig D. Nelson, Vice President - Corporate Planning of Ameren Services Company ("Nelson Testimony"), Exhibit 6 hereto.

As described by Mr. Nelson, Ameren commits, if the IP Sale is consummated, to AEM selling 125 MW of capacity and, when the Joppa Station is operating at full capacity, 125 MW of energy. If the Joppa Station is operating, but at levels below its full output (due to curtailments or otherwise) the first 125 MW of output from the 203 MW share that Ameren will acquire under the proposed transaction would be subject to the mitigation sale.(73) In other words, there would have to be a curtailment of 78 MW of the 203 MW share being acquired by Ameren before there would be any reduction in the amount of power sold under the mitigation sale. Because curtailments in the output of Joppa are shared prorated among its owners, the amount of the output under the mitigation sale would not

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71 Id. at 12-14.

72 Id. at 64.

73 For the most part, this issue of "prioritizing" or "queuing" the energy from the Joppa Station is immaterial as the Joppa Station is generally either running at or very close to full output levels, or is not running at all.

be affected by any curtailments at Joppa unless the total output at the six unit, 1,014 MW station fell below 61.6 percent (624 MW).(74) This capacity and associated energy is referred to herein as the "Divested Joppa Power".

Subject to closing of the IP Sale, the sales of Divested Joppa Power will begin January 1, 2006, the start of the time period in which Mr. Frame projects there could be limited screen violations, and end at the earliest of: (i) the date that Ameren or its subsidiaries install sufficient transmission system upgrades to alleviate the screen violations identified by Mr. Frame; (ii) the date that Ameren demonstrates to the satisfaction of the Commission that it should no longer be subject to such sales conditions on EEInc capacity and energy; or (iii) April 30, 2009.

In addition, because Mr. Frame's identified screen violations are projected to occur only as a result of sales into the AmerenUE/AmerenCIPS control area, Ameren commits that AEM will sell the Divested Joppa Power either:

(i) as a seller which is selected through a competitive bidding process initiated by a buyer(s) (other than AmerenUE and/or AmerenCIPS) to meet such buyer(s)' load and/or supply needs;

(ii) to one or more buyers other than AmerenCIPS or AmerenUE, as a result of a competitive bid process initiated by AEM to sell the Divested Joppa Power on the market to the highest bidder; or

(iii) to one or more buyers through a combination of the two processes.

Further, as described by Mr. Nelson, Ameren will seek to ensure that the only owner of EEInc (following consummation of the IP Sale) not affiliated with Ameren - KU - is able to receive up to 20 percent of the EEInc output, if it wishes to receive that much. In particular, so as to prevent any ability of

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74 These figures are derived as follows: 125/203=0.616, and 0.616 x 1,014 MW=624 MW.

Ameren, following closing of the IP Sale, to "freeze out" KU from receiving the 20 percent of the EEInc capacity and output to which it is presently entitled, Ameren commits to: (i) direct its representative members of the EEInc Board of Directors to take no action which would result in decisions to restrict KU's ability to receive up to 20 percent of the capacity and output of the generating facilities owned by EEInc (if KU desires to receive such capacity and output); and (ii) direct AER and AmerenUE (the Ameren subsidiaries that are EEInc shareholders) to undertake no action at shareholder votes that would restrict KU's ability to receive up to 20 percent of the capacity and output of the generating facilities owned by EEInc (if KU desires to receive such capacity and output).(75)

b. THE IP SALE WILL HAVE NO ADVERSE EFFECT ON VERTICAL COMPETITION.

In Order No. 642, the Commission set forth guidelines to be used in determining whether a proposed merger will have an adverse effect on vertical competition.(76) The Commission's concern with regard to vertical market power generally arises in circumstances, not present here, in which the combined entity may restrict potential downstream competitors' access to upstream supply markets or increase potential competitors' costs. As explained by Mr. Frame, the transmission facilities owned by both Ameren and Illinois Power are subject to Commission-approved OATTs which "alleviate most concerns that those transmission systems would be used in anti-competitive fashion."(77) Further, and perhaps

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75 Currently, Ameren subsidiaries hold a 60 percent interest in EEInc, which entitles them to, among other things, vote 60 percent of the outstanding shares in shareholder votes and, for all intents and purposes, to elect a majority of the members of the EEInc Board of Directors. The EEInc Bylaws currently provide for the allocation of capacity and energy from the generation facilities owned by EEInc in proportion to the owners' ownership shares. This provision, however, may be changed by a 75 percent vote of the outstanding shares. Upon consummation of the IP Sale, Ameren subsidiaries will hold 80 percent of the voting shares of EEInc.

76 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,904-07.

77 Frame Testimony at 14.

more importantly, the Ameren Operating Companies and Illinois Power are, or shortly will be, members of the Midwest ISO. As stated by Mr. Frame, these current and pending "Midwest ISO memberships should alleviate any residual concern about preferential transmission access."(78)

A vertical merger also could adversely affect electric competition if it, for example, provided the merged firm with the ability and the incentive to restrict, or to raise the price of, delivered gas to generating facilities that compete in the same markets as generation that is owned or controlled by the merged firm.(79) The IP Sale, however, is materially different from prior convergence mergers in which the Commission found such potential vertical market power concerns as a result of the combination of a large electric generator with ownership in a significant gas pipeline system.(80) Here, neither the Ameren Operating Companies nor Illinois Power owns any interstate natural gas transportation assets, and while Ameren subsidiaries hold contractual rights to some transportation capacity on unaffiliated interstate natural gas pipelines, such contracts do not provide the degree of control necessary to trigger vertical market power concerns.(81)

Similarly, the ownership by the Ameren Operating Companies and Illinois Power of natural gas distribution pipeline facilities does not represent a degree of control or access to the types of facilities that could give rise to a vertical concern. In particular, as noted by Mr. Frame, the open access to these

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78 Id.

79 See, e.g., Ameren Services Co., 101 FERC P. 61,202 at 61,844-45 (2002); Cleveland Elec. Illuminating Co., 100 FERC P. 61,024 at 61,058 (2002); Northwest Natural Gas Co., 98 FERC P. 61,134 at 61,388 (2002).

80 See, e.g., Dominion Res., Inc. and Consol. Natural Gas Co., 89 FERC P. 61,162 (1999); San Diego Gas & Elec. Co. and Enova Energy, Inc., 79 FERC P. 61,372 (1997), reh'g denied, 83 FERC P. 61,199, reh'g denied, 85 FERC P. 61,037 (1998).

81 See, e.g., Long Island Lighting Co., 80 FERC P. 61,035 (1997), reh'g denied, 82 FERC P. 61,216 (1998) (finding that an LDC, absent other mitigating factors, could use upstream market power, such as through control of gas transmission lines, to disadvantage rival gas-fired generators).

pipeline facilities for non-residential customers should mitigate any market power concerns raised by the IP Sale.(82) Further, the present application is readily distinguishable from Oklahoma Gas and Electric Company ("OG&E"),(83) in which the Commission found that the Oklahoma Gas & Electric Company's ("OG&E") OATT may not fully mitigate the increase in its vertical market power resulting from the acquisition of 400 MW of generation capacity.(84) For one, unlike the situation in OG&E, which involved the purchase of a merchant generation facility by a traditional franchised utility, Illinois Power has, directly or indirectly, owned its interest in EEInc for several years. The IP Sale merely allows the ownership interest in EEInc to be transferred along with Illinois Power - the longstanding owner of that interest - to Ameren.

More importantly, a central ground for the Commission's determination in OG&E that there was a potential vertical market power issue was that OG&E was not a member of an RTO. The Commission therefore concluded that the tariff under which OG&E operated provided the opportunity and incentive for OG&E to "use its control of transmission facilities to disadvantage its competitors in wholesale power markets."(85) In the present case, however, all of the Ameren Operating Companies have either become members or are seeking to become members of the Midwest ISO, a Commission-certified RTO, and Illinois Power is seeking authorization to join the Midwest ISO as part of this Application. Thus, upon consummation of the IP Sale, it will be impossible for the Ameren Operating Companies or Illinois Power to use their transmission facilities to disadvantage their competitors in wholesale power markets.

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82 Frame Testimony at 15.

83 105 FERC P. 61,297 (2003), reh'g pending.

84 Id. at P 35.

85 Id. at P 30.

2. THE IP SALE WILL HAVE NO ADVERSE EFFECT ON RATES.

Under Order No. 642, the Commission must determine whether a proposed transaction will have any adverse impact on the rates charged to wholesale power and transmission customers.(86) As discussed herein, no such adverse impact will result from the IP Sale.(87)

a. EFFECT ON WHOLESALE SALES RATES.

The IP Sale will have no adverse effect on wholesale sales rates. Ameren's public utility subsidiaries provide service pursuant to various wholesale sales agreements to customers in Illinois and Missouri, as detailed on Exhibit F hereto.(88) While the specific terms of each relevant contract vary, in each instance the rates charged are market-based rates negotiated pursuant to the market-based rate authority of the respective Ameren subsidiary. These contract rates are not affected by the seller's cost of service and, thus, will not be affected by the IP Sale.(89) Illinois Power does not provide traditional requirements service to any wholesale customers and does not have any wholesale power contracts with fuel adjustment clauses.

b. EFFECT ON FERC-JURISDICTIONAL TRANSMISSION RATES.

The IP Sale will have no adverse effect on the Ameren Operating Companies' or Illinois Power's existing FERC-jurisdictional transmission service rates. As described above, AmerenCILCO is a member of the Midwest ISO, which functionally

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86 Order No. 642, FERC Stats. & Regs.P. 31,111 at 31,914-15; Merger Policy Statement, FERC Stats. & Regs. P. 31,044 at 30,123.

87 Although the Commission's review of mergers and other jurisdictional transactions generally does not include an analysis of retail rate impacts, the IP Sale will have no adverse effect on retail rates in Illinois, which are the subject of a rate freeze that will remain in effect through December 31, 2006. Accordingly, retail customers in Illinois will be insulated fully from any rate impact attributable to the Transaction. Further, AmerenUE's retail customers in Missouri will be insulated due to a rate moratorium in existence which will continue through June 30, 2006.

88 Exhibit F contains a brief description of every wholesale sales and interstate transmission contract under which one of the Ameren utility subsidiaries or Illinois Power provides service. Applicants have derived this list utilizing quarterly and annual reports submitted to the Commission by the utilities.

89 See, e.g., Destec Energy, Inc. & NGC Corp., 79 FERC P. 61,373 at 62,574-75 (1997).

controls AmerenCILCO's interstate transmission facilities pursuant to the Midwest ISO tariff. Further, the remaining Ameren Operating Companies, AmerenUE and AmerenCIPS, have received conditional authorization from this Commission and the Missouri Public Service Commission to join the Midwest ISO through GridAmerica.(90) Ameren expects that AmerenUE and AmerenCIPS will join the Midwest ISO by May 1 of this year (provided the Commission unconditionally approves the Service Agreement currently pending before it in Docket No. ER04-571-000). In addition, Illinois Power is seeking to join the Midwest ISO as a transmission owner, and will become a member of the Midwest ISO within a reasonable time after issuance of a Commission order approving the IP Sale and the MISO Transfer, and accepting for filing the agreements being submitted under FPA Section 205, without conditions that are unacceptable to Applicants, but in any event prior to the closing of the IP Sale. As a result, all interstate transmission service provided by the Ameren Operating Companies and Illinois Power will be taken under the Midwest ISO tariff.

Ameren commits to hold transmission customers harmless from any increase in FERC-jurisdictional transmission rates that result from costs related to the IP Sale (e.g., acquisition premium, transaction costs) for a period of five years to the extent that such costs exceed savings related to the IP Sale.(91) This hold harmless commitment, however, is not a rate freeze and would not preclude changes in transmission rates attributable to non-IP Sale costs, such as regional transmission organization ("RTO") compliance (including but not limited to utilizing Attachment O of the Midwest ISO OATT), or RTO rate incentives.(92)

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90 See In re: Application of Union Elec. Co., Mo. Pub. Svc. Comm'n, "Order Approving Stipulation and Agreement", Case No. EO-2003-0271, Feb, 26, 2004; Ameren Services Co., 103 FERC P. 61,178 (2003) (discussing GridAmerica's integration into the Midwest ISO).

91 See Merger Policy Statement at 30,124. See also Bangor Hydro-Elec. Co., 94 FERC P. 61,049 at 61,242 (2001); UtiliCorp United Inc., 92 FERC P. 61,067 at 61,234-36 (2000); Consolidated Edison, Inc., 91 FERC P. 61,225 at 61,822, 61,825 (2000).

92 See Proposed Pricing Policy for Efficient Operation and Expansion of Transmission Grid, Proposed Policy Statement, 102 FERC P. 61,032 (2003).

Under these circumstances, the rates paid by Illinois Power's interstate transmission customers will not be adversely affected by the IP Sale.

3. THE IP SALE WILL HAVE NO ADVERSE EFFECT ON REGULATION.

Pursuant to Order No. 642, the Commission requires applicants to evaluate the effect of a merger or other proposed transaction on regulation both at a federal and state level. The Commission has indicated that it may set an FPA Section 203 application for hearing if the: (i) merged entity would be part of a registered holding company and the applicants do not commit to abide by the Commission's policies on the pricing of non-power goods and services between affiliates; or (ii) the affected state commission does not have authority to act on the proposed transaction.(93) Neither of these concerns is raised by the IP Sale, which will have no adverse impact on regulation.

The IP Sale will not result in the formation of a new holding company subject to registration under PUHCA. As noted above, Ameren is already a registered holding company under PUHCA. As the IP Sale pertains to federal regulation, the Ameren Operating Companies will each remain a "public utility," as such term is defined under FPA Section 201(e), and will continue to be subject to the Commission's jurisdiction under Part II of the FPA. Further, the Ameren Operating Companies and Illinois Power commit to follow the Commission's policies on the pricing of non-power goods and services between affiliates.(94) Accordingly, the IP Sale will have no adverse effect on federal regulation.

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93 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,914-15.

94 See Ohio Power Co. v. FERC, 954 F.2d 779 (D.C. Cir. 1992). See also, e.g., Ameren Services Co., 101 FERC P. 62,202 at P 64 (2002); Niagara Mohawk Holdings, Inc., 95 FERC P. 61,381 at 62,414, reh'g denied, 96 FERC P. 61,144 (2001). Consistent with Commission practice, Ameren, its subsidiaries, and Illinois Power have treated each other as affiliates since December 5, 2003, the date that Dynegy and Ameren announced that they were in exclusive discussions concerning the sale of Illinois Power. Dynegy Inc., Form 8-K, Item No. 5, Dec. 8, 2003. See, e.g., Delmarva Power & Light Co., 76 FERC P. 61,331, 62,583 (1996), order on reh'g, 80 FERC P. 61,330 (1997) (citing Cenergy, Inc., 74 FERC P. 61,281 at 61,900 (1996)).

Order No. 642 also reflects the Commission's concern that state regulators should not be divested of authority to act on mergers of traditional, vertically-integrated utilities with captive retail (as well as wholesale) customers.(95) This concern is not applicable to the instant case because the ICC must review and approve the IP Sale as a condition to closing. Ameren and Illinois Power will be submitting such an application to the ICC, and the receipt of such approval is a condition to closing of the IP Sale. Furthermore, upon consummation of the IP Sale, Illinois Power will continue to be subject to the ICC's jurisdiction with respect to retail gas and electric rates. Accordingly, the IP Sale will have no adverse effect on state regulation.(96)

B. THE MISO TRANSFER IS CONSISTENT WITH THE PUBLIC INTEREST.

The Commission has held on several occasions that the transfer by transmission-owning entities of functional control of their transmission facilities to the Midwest ISO is consistent with the public interest. Indeed, to date, the Commission has routinely granted requests under FPA Section 203 for transmission-owning electric utilities to join the Midwest ISO as transmission owners.(97) Applicants respectfully submit, however, that, pursuant to Atlantic City Electric Co.,(98) no prior Commission authorization under FPA Section 203

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95 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,914-15.

96 See Madison Gas and Elec. Co., 106 FERC P. 61,098, P 20 (2004); Texas-New Mexico Power Co., Southern New Mexico Elec. Co., 105 FERC P. 61,028, P 22
(2003); Ameren Energy Generating Co., Union Elec. Co., d/b/a AmerenUE, 103 FERC P. 61,128, P 60 (2003).

97 See, e.g., Trans-Elect, Inc., 98 FERC P. 61,142 (2002); Indianapolis Power & Light, 97 FERC P. 62,235 (2001); UtiliCorp United, Inc., 97 FERC P. 62,231
(2001) (UtiliCorp United has been renamed Aquila, Inc.); American Transmission Co., L.L.C., 97 FERC P. 62,182 (2001); Alliant Energy Corporate Services, Inc., 90 FERC P. 61,344 (2000); Montana-Dakota Utilities Co., 98 FERC P. 62,049
(2002); Minnesota Power, Inc., 96 FERC P. 61,153 (2001); Cent. Ill. Light Co., 86 FERC P. 62,233 (1999); Midwest ISO, 84 FERC P. 61,231 (approving applications pertaining to Cincinnati Gas & Electric Co., PSI Energy, Inc., Union Electric Co., Louisville Gas & Electric Co., and Kentucky Utilities Co.).

is necessary for Illinois Power to join the Midwest ISO as a transmission owner or otherwise to transfer functional control of its jurisdictional transmission facilities to the Midwest ISO. Nonetheless, because the Midwest ISO tariff requires such an application, Applicants are requesting the Commission's prior approval under FPA Section 203 for the MISO Transfer.(99)

The present request of the Applicants is fundamentally no different from the requests of these other transmission-owning electric utilities. Applicants thus believe it is unnecessary to set forth in detail the justifications for their request and respectfully request waiver of any of the Commission's filing requirements not satisfied in this Application. Nonetheless, out of an abundance of caution, Applicants explain below how the proposed transfer of functional control over Illinois Power's transmission assets to the Midwest ISO will have no adverse effect on competition, rates, or regulation.

1. THE MISO TRANSFER WILL HAVE NO ADVERSE EFFECT ON COMPETITION.

The MISO Transfer will have no adverse effect on competition and does not present any competitive concerns. To the contrary, as explained by Mr. Whiteley, the MISO Transfer will promote competition by filling in one of the more substantial "holes" in the Midwest ISO's current geographic footprint.

A Competitive Analysis Screen concerning the MISO Transfer is unnecessary as the transfer will only involve the change in functional control of transmission facilities and, in particular, will not involve any change in control over generating resources or the rights to the output of generating resources. Further, the MISO Transfer does not raise any competitive concerns with regards to the control of transmission facilities as the transfer will

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99 See Midwest ISO Tariff ss. 1.62; Midwest ISO Owners Agreement, Appx. G, Recital A, Original Sheet No. 203.

result in the transfer of functional control to the Midwest ISO - an entity created for the purpose of managing access to transmission facilities in a fair, open, and non-discriminatory manner.

Further, the MISO Transfer will substantially expand the operational scope of the Midwest ISO, both in terms of geography and the number of customers served. Illinois Power's transmission lines cover an area of approximately 15,000 square miles and are used to serve ten wholesale end-use loads and approximately 600,000 retail customers located in Illinois Power's service territory. This expansion of the Midwest ISO's scope will benefit sellers and buyers of energy by reducing, through economies of scope and scale, the costs of delivering power and by affording customers a greater number of generating resources that can be accessed through non-pancaked transmission service. Following consummation of the IP Sale, Illinois Power will continue to operate as a separate control area.

2. THE MISO TRANSFER WILL HAVE NO ADVERSE EFFECT ON RATES.

The MISO Transfer will also have no adverse effect on rates. Indeed, the transfer will reduce rate pancaking by bringing under the umbrella of the Midwest ISO tariff transmission service that otherwise would be provided under Illinois Power's own OATT.

3. THE MISO TRANSFER WILL HAVE NO ADVERSE EFFECT ON REGULATION.

Pursuant to Order No. 642, the Commission has indicated that it may set a
Section 203 application for hearing if the: (i) merged entity would be part of a registered holding company and the applicants do not commit to abide by the Commission's policies on the pricing of non-power goods and services between affiliates; or (ii) the affected state commission does not have authority to act on the proposed transaction.(100) Neither of these concerns is raised by the MISO Transfer, which will have no adverse impact on regulation.

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100 Order No. 642, FERC Stats. & Regs. P. 31,111 at 31,914-15.

The MISO Transfer will not result in the formation of a new holding company subject to registration under PUHCA. As the MISO Transfer pertains to federal regulation, Illinois Power and the Ameren Operating Companies will each remain a "public utility," as such term is defined under FPA Section 201(e), and will continue to be subject to the Commission's jurisdiction under Part II of the FPA. Accordingly, the MISO Transfer will have no adverse effect on federal regulation.

C. LAWSUIT BROUGHT BY TRANS-ELECT, INC. AGAINST ILLINOIS POWER COMPANY SHOULD NOT AFFECT THE COMMISSION'S DETERMINATION.

On October 22, 2003, Trans-Elect, Inc. and Illinois Electric Transmission Company, LLC (collectively, "Trans-Elect") initiated litigation against Illinois Power in the U.S. District Court of the Northern District of Illinois, alleging breach of an asset purchase agreement between Illinois Power and Trans-Elect.(101) The agreement contemplated the sale of Illinois Power's transmission assets to Trans-Elect, subject to, inter alia, various regulatory approvals. Because certain such approvals were not granted, Illinois Power terminated the asset purchase agreement on July 8, 2003, in accordance with its terms. In the lawsuit, Trans-Elect seeks damages for Illinois Power's alleged breach of the asset purchase agreement, as well as specific performance of the parties' alleged obligation to negotiate beyond the agreement's termination date.(102) Illinois Power answered the complaint and filed a counterclaim for declaratory judgment that the asset purchase agreement provides no mechanism to compel Illinois Power to consummate the transactions contemplated by that agreement. On March 10, 2004, Illinois Power moved for summary judgment on its counterclaim for declaratory relief.

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101 Plaintiff's Complaint at 1, Trans-Elect, Inc. v. Illinois Power Company (N.D. Ill 2003) (No. 03C-7475).

102 Id. at 17.

The pendency of this suit should not have any impact on the Commission's findings that the IP Sale and MISO Transfer are consistent with the public interest. As described above, the Commission considers the effect of the proposed merger on competition, rates, and regulation in its determination as to whether a proposed transaction is consistent with the public interest. While the Commission may consider other factors, it has indicated that the number of factors reviewed should be limited, and that its primary area of concern should be the impact of the merger on competition.103 Notably, the Commission has stated that it will not consider factors surrounding a proposed merger that go beyond the three central inquiries addressing whether the proposed merger is in the public interest.(104)

Accordingly, because the lawsuit brought by Trans-Elect does not effect competition, rates, or regulation associated with the IP Sale or the MISO Transfer, pendency of this suit should have no effect on the Commission's determination that the IP Sale and MISO Transfer are in the public interest.

IV. THE COMMISSION'S PART 33 FILING REQUIREMENTS.

In compliance with Section 33.2 of the Commission's regulations, 18 C.F.R. ss.33.2, Applicants submit the following information.

A. EXACT NAMES OF APPLICANTS AND THEIR PRINCIPAL BUSINESS ADDRESSES.

Ameren Corporation

Ameren's exact name is Ameren Corporation, and its principal place of business is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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103 Merger Policy Statement, FERC Stats. & Regs. P. 31,044 at 30,126.

104 See, e.g., Kansas City Power & Light Co., 53 FERC P. 61,097 (1990) (finding that the Commission had no statutory authority to go beyond the parameters of a "public interest" inquiry in order to reject a merger proposal based on the fact that it was hostile).

Dynegy Inc.

Dynegy's exact name is Dynegy Inc., and its principal place of business is 1000 Louisiana, Suite 5800, Houston, Texas 77002.

Illinova Corporation

Illinova's exact name is Illinova Corporation, and its principal place of business is 500 South 27th Street, Decatur, Illinois 62521-2200.

Illinova Generating Company

Illinova Generating's exact name is Illinova Generating Company, and its principal place of business is 500 South 27th Street, Decatur, Illinois 62521-2200.

Illinois Power Company

Illinois Power's exact name is Illinois Power Company, and its principal place of business is 500 South 27th Street, Decatur, Illinois 62521-2200.

B. THE NAMES AND ADDRESSES OF PERSONS AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS REGARDING THE APPLICATION.

Applicants request that all notices, correspondence, and other communications concerning this Application be directed to the following persons.

For Ameren Corporation

Steven R. Sullivan
Senior Vice President, Regulatory Policy,
General Counsel & Secretary
Ameren Corporation
One Ameren Plaza
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(314) 554-2098
(314) 554-4014 (facsimile)
srsullivan@ameren.com

Clifford S. Sikora
TROUTMAN SANDERS LLP
401 9th Street, N.W., Suite 1000
Washington, DC 20004
(202) 274-2950
(202) 274-2994 (facsimile)
clifford.sikora@troutmansanders.com

For Dynegy Inc., Illinova Corporation, Illinova Generating Company, and Illinois Power Company

Alisa B. Johnson
Group General Counsel - Regulatory Affairs
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1000 Louisiana, Suite 5800
Houston, TX 77002
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Joseph L. Lakshmanan
Senior Corporate Counsel & Chief Legal Officer
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500 South 27th Street
Decatur, IL 62521-2200
(217) 362-7449
joseph_lakshmanan@illinoispower.com

C. M. (Mike) Naeve
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
(202) 371-7070
cmnaeve@skadden.com

Applicants respectfully request waiver of the Commission's regulations so as to permit more than two persons to be placed on the service list for these proceedings.

C. DESCRIPTION OF APPLICANTS.

1. All Business Activities of the Applicants, Including Authorizations by Charter or Regulatory Approval (Exhibit A).

A description of Applicants and their business activities is included in Section II.A of this Application.

2. A List of Applicants' Energy Subsidiaries and Energy Affiliates, Percentage Ownership Interest in Such Subsidiaries and Affiliates, and a Description of the Primary Business in Which Each Energy Subsidiary and Affiliate Is Engaged (Exhibit B).

A description of Ameren's energy subsidiaries and energy affiliates, percentage ownership interest in such subsidiaries and affiliates, and a description of their primary businesses is included in Section II.A.1 of this Application. A description of the relevant energy subsidiaries and energy affiliates of Illinois Power is included in Section II.A.2.d. Illinova Generating has no subsidiaries subject to the Commission's jurisdiction, although it does hold a 20 percent ownership interest in EEInc. Applicants respectfully request waiver to the extent that information regarding other Dynegy subsidiaries and affiliates is required, because such information is not relevant to the IP Sale, the MISO Transfer, or this Application.(105)

3. Organizational Charts Depicting Applicants' Current and Proposed Post-Transaction Corporate Structures (Including Any Pending but Not Implemented Changes) Indicating All Parent Companies, Energy Subsidiaries and Energy Affiliates Unless Applicants Demonstrate that the Transaction Does Not Affect the Corporate Structure of any Party to the Transaction (Exhibit C).

Organizational charts depicting relevant entities in Ameren's corporate structure before and after the consummation of the IP Sale are attached hereto in Exhibit C. Applicants respectfully request waiver to the extent organizational charts for Dynegy and/or its subsidiaries are required, because such information is not relevant to the IP Sale or this Application. Further, Applicants respectfully request waiver to the extent organizational charts relating to the MISO Transfer are required, because such information is not relevant to the MISO Transfer or this Application.

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105 Additional information pertaining to applicants' subsidiaries and affiliates is contained in the FERC Form 1 filings of the Ameren Operating Companies and Illinois Power.

4. A Description of All Joint Ventures, Strategic Alliances, Tolling Arrangements or Other Business Arrangements, Including the Transfer of Operational Control of Transmission Facilities to Commission Approved Regional Transmission Organizations, Both Current, and Planned to Occur Within a Year From the Date of Filing, to which Applicants or their Respective Parent Companies, Energy Subsidiaries, and Energy Affiliates Is a Party, Unless the Applicants Demonstrate that the Transaction Does Not Affect Any of Their Business Interests (Exhibit D).

Applicants request waiver of the requirement to file an Exhibit D because neither the IP Sale nor the MISO Transfer will affect any of the Applicants' business interests. All contracts, joint ventures or strategic alliances entered into by the Applicants will be honored after consummation of the IP Sale, in accordance with their terms. All contracts related to the transmission of energy over Illinois Power's transmission lines will be honored after consummation of the MISO Transfer, pursuant to the terms of the Midwest ISO tariff.

5. The Identity of Common Officers or Directors of Parties to the Transaction (Exhibit E).

Applicants have no common officers or directors other than the following. Illinova and Illinova Generating have the following common officers and/or directors: Bruce A. Williamson; Carol F. Graebner; Nicholas J. Caruso; Alec G. Dryer; Alisa B. Johnson; Blake R. Young; Holli C. Nichols; Robert T. Ray; Layne J. Albert; Kevin J. Blodgett; Terry D. Jones; Charles C. Cook; Gerald W. Clanton; Terry A. Hart; Larry F. Altenbaumer; Glenn K. Labhart; Lynn A. Lednicky; Teresa L. Naylor; and Michael D. Preston. Illinova and Illinois Power have the following common officers and/or directors: Bruce A. Williamson; Carol F. Graebner; Alisa B. Johnson; Holli C. Nichols; Robert T. Ray; Layne J. Albert; Kevin J. Blodgett; Terry D. Jones; Charles C. Cook; Gerald W. Clanton; Terry A. Hart; and Larry F. Altenbaumer. Illinova Generating and Illinois Power have the following common officers and/or directors: Bruce A. Williamson; Carol F. Graebner; Holli C. Nichols; Robert T. Ray; Terry D. Jones; Charles C. Cook; and Larry F. Altenbaumer; and Kevin J. Blodgett.

6. A Description and Location of Wholesale Power Sales Customers and Unbundled Transmission Services Customers Served by the Applicants or Their Parent Companies, Subsidiaries, Affiliates and Associate Companies (Exhibit F).

Ameren

A description and location of wholesale power sales customers of Ameren's subsidiaries, affiliates, and associate companies is included in Exhibit F. AmerenCILCO has no unbundled transmission customers since AmerenCILCO is a transmission owner member of the Midwest and, accordingly, all jurisdictional transmission service is provided under the Midwest ISO Tariff.

Dynegy, Illinova, Illinova Generating, and Illinois Power

A description and location of wholesale power sales customers and unbundled transmission services customers served by Illinois Power is included in Exhibit F. Dynegy respectfully requests waiver to the extent that information concerning customers served by affiliates other than Illinois Power is required by the regulations, because such information is not relevant to the IP Sale, the MISO Transfer, or this Application.

7. A Description of Jurisdictional Facilities Owned, Operated, or Controlled by the Applicants or Their Parent Companies, Subsidiaries, Affiliates, and Associate Companies (Exhibit G).

Ameren

Through subsidiaries, Ameren indirectly owns various jurisdictional facilities. Excerpts from the Ameren Operating Companies' year ending 2002 FERC Form 1 listing jurisdictional facilities owned by the Ameren Operating Companies are attached hereto in Exhibit G.1. These facilities are also described in
Section II of the Application.

Illinois Power owns and operates certain jurisdictional transmission facilities. Sections from Illinois Power's year ending 2002 FERC Form 1 listing jurisdictional facilities owned and operated by Illinois Power are attached hereto in Exhibit G.2. These facilities are also described in Section II of the Application. Dynegy, Illinova, and Illinova Generating respectfully request waiver to the extent that information regarding operations of affiliates of Dynegy other than Illinois Power is required by the regulations, because such information is not relevant to the IP Sale, the MISO Transfer, or this Application.

8. Jurisdictional Facilities and Securities Associated With or Affected by the Transaction, Consideration for the Transaction, Effect on Jurisdictional Facilities and Securities (Exhibit H).

The jurisdictional facilities and securities associated with the IP Sale and the MISO Transfer are described in Section II of the Application and are identified in Exhibit G. The consideration for the IP Sale is $2.3 billion, subject to certain adjustments. Upon consummation of the IP Sale, the IP Shares and the EEInc Shares will be transferred to Ameren and AER, respectively, thereby effecting a change in control over the jurisdictional facilities owned by Illinois Power, and possibly constituting a change in control over the jurisdictional facilities owned by EEInc. No other jurisdictional facilities owned by Applicants, their affiliates, or associate companies will be affected by the IP Sale.

The jurisdictional facilities affected by the MISO Transfer are identified in Appendix 4 hereto. There is no monetary consideration associated with the MISO Transfer except insofar as Illinois Power would expect recovery or reimbursement of certain prior Midwest ISO and Alliance RTO development costs, and reimbursement of the $6.5 million fee it paid to the Midwest ISO as an exit

fee when it withdrew its membership in the Midwest ISO November 1, 2001.(106)

9. Contracts Related to the Transaction (Exhibit I).

An executed copy of the Stock Purchase Agreement is attached hereto in Exhibit I. The Base PPA, the Memorandum PPA, the Black Start Service Agreement (as amended), and the Interim PPA Rider, also being filed under a separate application under FPA Section 205, are Exhibits D, F, H, and I to the Stock Purchase Agreement, respectively. The other relevant agreements are: (i) a Generation Agreement (Exhibit B to the Stock Purchase Agreement);(107) (ii) two Generation Indemnification Termination Agreements (Exhibits C-1 and C-2 to the Stock Purchase Agreement); and (iii) an Escrow Agreement (Exhibit G to the Stock Purchase Agreement).(108)

10. Explanatory Statement Demonstrating that the Transaction Is Consistent with the Public Interest (Exhibit J).

A statement explaining how the Transaction is consistent with the public interest is included in Section III, supra.

11. If the Transaction Involves Physical Property of Any Party, the Applicants Must Provide a General or Key Map Showing in Different Colors the Properties of Each Party to the Transaction (Exhibit K).

A map showing in different colors the properties of the Ameren Operating Companies and Illinois Power is attached hereto in Exhibit K.

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106 See Illinois Power Co., 95 FERC P. 63,003 (2001) (certifying settlement in which Illinois Power agreed to pay exit fee).

107 See supra n.51 discussing the Generation Agreement.

108 See supra n.52 discussing the Easement and Facilities Agreement.

12. If the Applicants Are Required to Obtain Licenses, Orders, or Other Approvals From Other Regulatory Bodies in Connection with the Transaction, the Applicants Must Identify the Regulatory Bodies and Indicate the Status of Other Regulatory Actions, and Provide a Copy of Each Order of those Regulatory Bodies that Relate to the Transaction (Exhibit L).

In addition to Commission approval of this Application under FPA Section 203, approval of the IP Sale is required from the ICC and the Securities and Exchange Commission under PUHCA.(109) Applicants will provide copies of these orders approving the IP Sale upon their issuance. The requisite notification with the Federal Trade Commission ("FTC") and the Department of Justice ("DOJ") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("H-S-R") is also required. Applicants will file a letter with the FTC and DOJ requesting early termination of any applicable H-S-R waiting periods. Applicants will also submit a filing with the Federal Communications Commission ("FCC") requesting authorization for a change of control of Illinois Power, a FCC license holder.

D. FORM OF NOTICE.

A form of notice suitable for publication in the Federal Register is provided as Attachment 8 to the transmittal letter to this Application. An electronic version of this notice on computer diskette is enclosed as well.

E. VERIFICATIONS.

Verifications executed by Applicants' authorized representatives in accordance with 18 C.F.R. ss. 33.7 are enclosed in Appendix 1.

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109 In addition, the February 2, 2004 Stock Purchase Agreement (without exhibits or schedules) was filed as part of Ameren's Form 8-K filing, filed with the Securities and Exchange Commission. See Ameren Corp., Form 8-K, Current Report, Exh. No. 2.1, Feb. 3, 2004.

F. PROPOSED ACCOUNTING ENTRIES.

Proposed accounting entries for Ameren related to the IP Sale are contained in Appendix 7. Applicants respectfully request waiver to the extent that information regarding other accounting entries is required by the regulations, because such information is not relevant to the IP Sale, the MISO Transfer, or this Application.

V. REQUEST FOR PRIVILEGED TREATMENT.

Applicants respectfully request privileged treatment, in accordance with 18 C.F.R. ss. 388.112, for certain portions of the FPA 203 Application - namely:
(i) Exhibits A, B, C-1, C-2, and G to the Stock Purchase Agreement; (ii) Schedules 1.1(c), 3.4(b), 3.7, 3.8, 3.9, 3.10, 3.11, 3.12(a) (section entitled "Exceptions to Representations and Warranties"), 3.13(a), 3.14, 3.15, 3.18, 3.19, 3.21, 3.27, 5.1, 5.1(f), 5.7, 5.19, 5.24, 6.1(c), 6.1(d), 6.1(e), and 6.1(g) to the Stock Purchase Agreement; (iii) Attachments 5 and 6 to the Frame Testimony; and (iv) a CD-ROM of Mr. Frame's workpapers. The Applicants consider such information to be "trade secrets and commercial or financial information obtained from a person and privileged or confidential."(110) All such redacted materials are included in Volume II of this Application.

Applicants have labeled each page of Volume II with the header "Contains Privileged Information - Do Not Release." Applicants request waiver of the requirement, pursuant to 18 C.F.R. ss. 388.112(b)(1)(iii), to include in Volume II "a statement indicating that information has been removed for privileged treatment," insofar as Volume II contains only privileged information and all information for which privileged treatment is sought is contained in Volume II.

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110 See Order No. 642, n.78 (citing 18 C.F.R. ss. 388.107(d) (2000)).

Notwithstanding this request for privileged treatment, Applicants will provide a copy of Volume II to any party that executes a protective order issued by the Commission in this proceeding, provided that review of Volume II is limited to such party's attorneys and experts.(111) A form protective order, based on the Commission's model protective order, is included as Attachment 7 to the transmittal letter to this application. A copy of this same form of protective order is also provided in electronic format on the enclosed diskette.

VI. REQUEST FOR EXPEDITION.

Applicants respectfully request expedited treatment of this Application and submit that good cause exists to grant this request. Specifically, Applicants request that the Commission set a 21-day period for public comment on the Application. This notice period is consistent with the Commission's practice in recent proceedings seeking comparable approvals under FPA Section 203.(112) As noted above, the Applicants would like the IP Sale to close at the earliest possible date, ideally in the third quarter of 2004. In order to permit reasonable time for closing documentation, Applicants respectfully request that the Commission approve this Application expeditiously and without condition, modification, or a trial-type hearing, by July 28, 2004.

Prompt Commission action will benefit the market and is consistent with the public interest. In particular, the IP Sale and the MISO Transfer will benefit customers of the Ameren Operating Companies and Illinois Power by improving the efficiencies of these companies' services, by enhancing efficiencies and revenue opportunities, and by optimizing the value of the merged company's assets and expertise. Further, the IP Sale and the MISO Transfer are substantially similar

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111 See id.

112 See, e.g., ITC Holdings Corp., 102 FERC P. 61,182 (2003).

to other merger transactions previously approved by the Commission on an expeditious basis and without a trial-type hearing.(113)

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113 See, e.g., The AES Corp., IPALCO Enterprises, Inc., 94 FERC P. 61,240 (2001); Indianapolis Power & Light, 97 FERC P. 62,235 (2001).

VII. CONCLUSION.

Applicants respectfully request that the Commission:

1. Establish a comment period of no more than 21 days.

2. Approve without modification, condition, or a trial-type hearing, the IP Sale and the MISO Transfer as consistent with the public interest under Section 203.

3. Grant all such other approvals and waivers as necessary for final Commission approval of the IP Sale and the MISO Transfer by July 28, 2004.

Respectfully submitted,

/s/ C.M. (Mike) Naeve

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Attorneys for Ameren Corporation

Dated: March 25, 2004
Washington, D.C.

EXHIBIT G

PROPOSED FORM OF FEDERAL REGISTER NOTICE

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-_____)

Filings under the Public Utility Holding Company Act of 1935, as amended

("Act")

April __, 2004

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by May __, 2004 to the Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) as specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After May __, 2004, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

* * * * * *

AMEREN CORPORATION, ET AL. (70-[____])

Ameren Corporation ("Ameren"), a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), whose principal business address is at 1901 Chouteau Avenue, St. Louis, Missouri 63103, Ameren Energy Fuels and Services Company ("Ameren Fuels"), its wholly-owned non-utility subsidiary, of the same address, and Illinois Power Company ("Illinois Power"), whose principal business address is at 500 South 27th Street, Decatur, Illinois, 62521, have filed an application/declaration in this proceeding pursuant to Sections 6(a), 7, 8, 9(a)(1), 10, 11(b), 12(b),
12(f), 13(b) and 32(h) of the Act and Rules 45, 51, 53, 54, 87, 90 and 91 thereunder. Ameren, Ameren Fuels, and Illinois Power are referred to collectively as the "Applicants."

Ameren is requesting authorization to purchase all of the issued and outstanding common stock (the "Common Shares") of Illinois Power from Illinova Corporation ("Illinova"), an exempt holding company under Section 3(a)(1) of the

Act, which is itself a wholly-owned subsidiary of Dynegy Inc. ("Dynegy"),/1/ and the issued and outstanding shares of preferred stock of Illinois Power that are held by Illinova (the "Preferred Shares"), and the 20% interest in the common stock of Electric Energy, Inc. ("EEInc"), an "exempt wholesale generator" ("EWG") under Section 32 of the Act, that is held by Illinova Generating Company ("IGC"),/2/ an indirect subsidiary of Dynegy (the "EEInc Shares"), for an aggregate purchase price of $2,300,000,000, subject to certain adjustments as described below (the "Transaction"). Ameren proposes to acquire and hold the Common Shares and Preferred Shares of Illinois Power directly, and to acquire the EEInc Shares through its non-utility subsidiary, Ameren Energy Resources Company ("Ameren Energy Resources"), pursuant to Section 32 of the Act.

The Transaction is subject to, among other usual and customary conditions precedent, receipt by the parties of required state and federal regulatory approvals and filing of pre-merger notification statements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the expiration or termination of the statutory waiting period thereunder. The boards of directors of Ameren and Dynegy have approved the proposed Transaction. The Transaction does not require any approval by the shareholders of Ameren or Dynegy.

In addition to authorization of the Transaction, the Applicants are requesting authorization herein, once the Transaction closes, for: (i) Illinois Power to issue and sell from time to time from the closing of the Transaction through June 30, 2007 (the "Authorization Period") short-term debt securities, to become a participant in the Ameren System Utility Money Pool Arrangement ("Utility Money Pool"), to enter into interest rate hedging transactions, and to engage in certain other related transactions; (ii) Ameren to acquire, from time to time during the Authorization Period, outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power that are held by unaffiliated third parties in open market purchases, through invitations for tenders and/or through negotiated purchases; and (iii) Ameren Fuels to provide gas management services to Illinois Power pursuant to a fuel supply management agreement that is substantially identical to agreements between Ameren Fuels and Ameren's current public-utility subsidiaries.

1. The Applicants.

Ameren directly owns all of the issued and outstanding common stock of Union Electric Company d/b/a AmerenUE ("AmerenUE") and Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS") and indirectly through CILCORP Inc. ("CILCORP"), an intermediate holding company, owns all of the issued and outstanding common stock of Central Illinois Light Company d/b/a AmerenCILCO ("AmerenCILCO"). Together, AmerenUE, AmerenCIPS and AmerenCILCO provide retail and wholesale electric service to approximately 1.7 million customers and retail natural gas service to approximately 500,000 customers in a 49,000 square-mile

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1 Dynegy claims an exemption under Section 3(a)(1) of the Act pursuant to Rule 2. See Statement on Form U-3A-2, filed February 27, 2004, in File No. 69-483. Illinova is an exempt holding company pursuant to an order issued under Section 3(a)(1) of the Act. See Illinova Corporation, Holding Co. Act Release No. 26054 (May 18, 1994).

2 IGC owns 12,400 shares of common stock of EEInc, $100 par value per share, representing 20% of the total number outstanding. EEInc is an EWG under Section 32 of the Act. See Electric Energy, Inc., 92 FERCP. 62,079 (2000).

area of Missouri and Illinois, including the St. Louis, Missouri and Peoria and Springfield, Illinois metropolitan areas. AmerenUE, AmerenCIPS and AmerenCILCO are subject to regulation by the Illinois Commerce Commission ("ICC"), and AmerenUE is also subject to regulation by the Missouri Public Service Commission, as to rates, service, issuance of equity securities, issuance of debt having a maturity of more than twelve months, mergers, affiliate transactions, and various other matters. AmerenUE, AmerenCIPS and AmerenCILCO are also subject to regulation by the Federal Energy Regulatory Commission ("FERC") as to rates and charges in connection with the wholesale sale of energy and transmission in interstate commerce, mergers, affiliate transactions, and certain other matters.

Ameren Fuels is an "energy-related company" under Rule 58, which directly and through subsidiaries, makes investments in and engages in operating activities related to fuel procurement, handling, transportation and storage facilities and provides related fuel management services to associate and nonassociate companies./3/

For the twelve months ended December 31, 2003, Ameren reported total operating revenues of $4,593,000,000, operating income of $1,090,000,000, and net income of $524,000,000. On a consolidated basis, approximately 85.7% of Ameren's 2003 operating revenues were derived from sales of electricity, 14.1% from sales of gas and gas transportation service, and 0.2% from other sources. At December 31, 2003, Ameren had $14,233,000,000 in total assets, including net property and plant of $10,917,000,000.

As of December 31, 2003, Ameren's capitalization on a consolidated basis was as follows:

Common equity	$ 4,354,000,000	46.9%
Preferred equity	$ 182,000,000	1.9%
Long-term debt*	$ 4,091,000,000	44.1%
Short-term debt**	$ 659,000,000	7.1%
Total	$ 9,286,000,000	100.00%

* Includes mandatorily redeemable preferred stock
** Includes current portion of long-term debt

Ameren's senior unsecured debt securities are currently rated BBB+ by Standard & Poor's Inc. ("S&P") and A3 by Moody's Investors Service ("Moody's"). Ameren's commercial paper is rated A-2 by S&P and P-2 by Moody's.

Illinois Power is engaged in the transmission, distribution and sale of electric energy and the distribution, transportation and sale of natural gas in substantial portions of northern, central and southern Illinois.

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3 The Commission has previously authorized Ameren Fuels to provide to AmerenUE and AmerenCIPS fuel management services pursuant to the terms of a Fuel and Natural Gas Services Agreement ("Fuel Services Agreement"). Under the Fuel Services Agreement, Ameren Fuels, as agent for its associate companies, manages all aspects of procurement, storage, transportation and handling of coal, natural gas, and other fuels. Such services include negotiating contracts with third parties, contract administration, regulatory reporting and ash management services, among others. See Ameren Energy Fuels and Services Company, Holding Co. Act Release No. 27374 (Apr. 5, 2001).

Illinois Power provides electric service to approximately 600,000 customers in 313 incorporated municipalities, adjacent suburban and rural areas and numerous unincorporated communities, all in Illinois. Illinois Power's electric transmission and distribution system includes 1,672 circuit miles of electric transmission lines and 37,765 circuit miles of overhead and underground distribution lines. Illinois Power owns virtually no generation. Illinois Power currently purchases the vast majority of its electric power requirements under contracts with Dynegy Midwest Generation, Inc. ("DMG"), an indirect subsidiary of Dynegy, AmerGen Energy Company, L.L.C., and EEInc./4/ Illinois Power is directly interconnected with AmerenUE, AmerenCIPS and AmerenCILCO at numerous locations.

Illinois Power provides retail gas service to approximately 415,000 customers in 258 incorporated municipalities and adjacent areas in northern, central and southern Illinois, including the cities of Decatur, Champaign-Urbana and East St. Louis. Illinois Power owns 763 miles of "Hinshaw" natural gas transportation pipeline and 7,669 miles of natural gas distribution pipeline. Illinois Power also owns seven on-system underground natural gas storage fields with a total capacity of approximately 11.6 billion cubic feet and total deliverability on a peak day of approximately 339 million cubic feet. To supplement the capacity of these underground storage facilities, Illinois Power has contracted with natural gas pipelines for an additional 5.4 billion cubic feet of underground storage capacity, representing additional total deliverability on a peak day of approximately 93 million cubic feet.

Illinois Power is regulated by the ICC with respect to retail electric and gas rates and service, classification of accounts, the issuance of stock and evidences of indebtedness (other than indebtedness with a final maturity of less than one year and renewable for a period of not more than two years), contracts with any affiliated interest, and other matters, and by the FERC with respect to transmission service and wholesale electric rates.

Illinois Power's non-utility subsidiaries include IP Gas Supply Company, which was formed for the purpose of acquiring interests in oil and gas leases, and several special purpose financing subsidiaries.

For the twelve months ended December 31, 2003, Illinois Power reported total operating revenues of $1,567,800,000, operating income of $166,100,000, and net income applicable to common shareholder of $114,700,000. Approximately 70.3% of Illinois Power's 2003 operating revenues was derived from electric utility operations and approximately 29.7% was derived from gas utility operations. At December 31, 2003, Illinois Power had $5,059,200,000 in total assets, including net utility plant of $2,083,000,000 and an intercompany receivable from Illinova with a principal balance of $2,271,400,000 (the "Intercompany Note") that was issued by Illinova in consideration for the

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4 The power purchase agreement between DMG and Illinois Power was entered into in October 1999 concurrently with the sale of Illinois Power's generating assets to Illinova, which Illinova then transferred to DMG. The agreement with AmerGen was entered into in connection with the sale by Illinois Power of the Clinton nuclear generation facility to AmerGen in December 1999.

purchase of Illinois Power's fossil-fuel generating plants and other generation-related assets in 1999.

As of December 31, 2003, Illinois Power had issued and outstanding 62,892,213 shares of common stock, no par value, all of which are held by Illinova, and six series of cumulative preferred stock, $50 par value, having an aggregate stated amount of $45,800,000. Illinova holds 662,924 shares of Illinois Power's outstanding preferred stock, representing approximately 73% of the total number outstanding. In addition, as of December 31, 2003, Illinois Power had outstanding $1,444,600,000 principal amount of first mortgage bonds having maturities through 2032, certain series of which are pledged to secure obligations under pollution control revenue obligations, and $419,900,000 principal amount of transitional funding trust notes with maturities through 2008. Illinois Power does not have any outstanding short-term debt (other than the current portion of long-term debt).

As of December 31, 2003, Illinois Power's capitalization on a consolidated basis was as follows:

Common equity	$1,484,900,000	43.0%
Preferred equity	$45,800,000	1.3%
Long-term debt	$1,780,200,000	51.5%
Current portion of long-term debt	$145,000,000	4.2%
Total	$3,455,900,000	100.00%

Illinois Power's senior secured debt is currently rated B by S&P and B1 by Moody's. Illinois Power's preferred stock is rated CCC by S&P and Caa2 by Moody's.

2. Description of Transaction.

Ameren, Dynegy, Illinova, and IGC have entered into a Stock Purchase Agreement, dated as of February 2, 2004 (the "Original Agreement"), as amended by Amendment No. 1 thereto, dated as of March 23, 2004 (the Original Agreement, as so amended, being referred to as the "Amended SPA"). The Amended SPA provides that, subject to the receipt of all necessary regulatory approvals and the satisfaction of other conditions precedent, Ameren will purchase the Common Shares and the Preferred Shares of Illinois Power from Illinova and the EEInc Shares from IGC for an aggregate purchase price of $2,300,000,000, less an amount equal to the "Existing IPC Obligations" (as described below), plus (or minus) the amount by which actual contributions made by Dynegy or any of its affiliates prior to the closing date for plan year 2004 with respect to certain pension plans exceeds (or is less than) $17,500,000, and plus or minus the change in adjusted working capital between September 30, 2003 and the closing date, as determined in accordance with the procedures set forth in the Amended SPA (such aggregate amount being the "Purchase Price"). The Amended SPA allocates $125,000,000 of the Purchase Price to the EEInc Shares and the balance ($2,175,000,000, subject to the adjustments described above) to the Common Shares and the Preferred Shares.

The term "Existing IPC Obligations" is defined in the Amended SPA to mean an amount equal to the sum of (a) the unpaid principal amount of all short-term and long-term indebtedness (including current portion) for borrowed money of Illinois Power and any subsidiary of Illinois Power, (b) the total liquidation preference of the 249,751 shares of preferred stock, $50 par value, of Illinois Power that are not owned by Illinova, (c) any accrued and unpaid dividends on such shares of preferred stock, to the extent that dividends are in arrears, and (d) any capital lease obligations of Illinois Power or any subsidiary of Illinois Power, in each case as of the date of closing, subject to certain adjustments related to the Transitional Funding Trust Notes, Series 1998-1, in the original amount of $864,000,000, issued by Illinois Power Special Purpose Trust. The Existing IPC Obligations as of September 30, 2003, totaled $1,909,508,000.

At closing, Ameren will pay $2,300,000,000 in cash, minus the sum of (a) an amount equal to the Existing IPC Obligations and (b) $100,000,000, which, subject to certain exceptions, will be deposited in escrow to secure certain indemnities from Dynegy under the Amended SPA relating to potential liabilities that Illinois Power faces, principally due to its former ownership of generating facilities now owned by DMG./5/

The Amended SPA provides that, no more than two days prior to closing, Dynegy and Illinova will cause the unpaid principal balance of and all accrued and unpaid interest on the Intercompany Note to be eliminated. Also, at closing, Illinois Power and Dynegy Power Marketing, Inc. ("DYPM"), a power marketing affiliate of Dynegy, will enter into a new power purchase agreement (the "New PPA"). The New PPA requires DYPM to sell capacity and energy and to provide ancillary services to Illinois Power for the period from the later of the date the Transaction closes or January 1, 2005 through December 31, 2006. The Amended SPA also obligates Illinois Power to submit an application to FERC to join the Midwest Independent System Operator ("MISO"), conditioned on the closing of the Transaction. As part of the joint application filed with FERC, Illinois Power is requesting all necessary authorizations from FERC to transfer functional control over its transmission facilities to the MISO.

The obligations of the parties under the Amended SPA are subject to conditions precedent that are usual and customary for a transaction of this nature, including the receipt of required regulatory approvals from this Commission, the FERC and the ICC. The Amended SPA may be terminated by Dynegy or Ameren if the closing shall not have occurred on or before December 31, 2004.

After the Transaction closes, Ameren intends to complete the recapitalization of Illinois Power by infusing substantial equity into Illinois Power, the proceeds of which will be used by Illinois Power to retire debt, including $550 million principal amount of 11 1/2% first mortgage bonds. Ameren

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5 Ameren states that it will finance the cash portion of the Purchase Price by issuing common stock and other securities in accordance with its current authorization in File No. 70-9877 (see Ameren Corporation, Holding Co. Act Release No. 27449 (Oct. 5, 2001) (the "2001 Financing Order")), or as authorized in a separate proceeding. Ameren is authorized under the 2001 Financing Order to issue and sell from time to time through September 30, 2004 up to $2.5 billion at any time outstanding of common stock, unsecured long-term debt securities, and other preferred or equity-linked securities and up to $1.5 billion of short-term debt securities at any time outstanding. On February 24, 2004, Ameren filed a new application/declaration in File No. 70-10206 seeking to extend and restate its authorization under the 2001 Financing Order. That matter is pending.

believes that these intercompany financing transactions will be exempt under Rules 45(b)(4) and 52(a), as applicable. The Amended SPA obligates Ameren to commit to the ICC that it will eliminate at least $750 million of Illinois Power's debt and that Ameren will cause Illinois Power's common equity to total capitalization ratio to be between 50% and 60% by December 31, 2006. Ameren states that it expects that the recapitalized Illinois Power will receive an investment grade rating for its long-term debt from at least one of the major statistical rating organizations.

3. Other Authorizations Requested.

In addition to authorization of the Transaction, Ameren is requesting authorization to acquire, from time to time during the Authorization Period, up to $300 million principal or face amount of the outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power. All such securities would be purchased in open-market purchases, through invitations for tenders and/or through direct negotiations with the holders of such securities. Any such securities that are acquired by Ameren may be held by Ameren until they mature or are called, or, at Ameren's option, may be contributed to and canceled on the books of Illinois Power or its subsidiary, as the case may be. Such securities would not be reissued or resold by Ameren.

Ameren Fuels proposes to enter into a Fuel Services Agreement with Illinois Power pursuant to which Ameren Fuels will manage gas supply resources for Illinois Power. These services will be provided at cost, in accordance with Rule 90 and 91.

Illinois Power is requesting authorization to issue commercial paper and/or establish and make short-term borrowings (i.e., maturities less than one year) under credit lines with banks or other institutional lenders from time to time during the Authorization Period, provided that the aggregate principal amount of commercial paper and borrowings by Illinois Power at any time outstanding under credit facilities will not exceed $500 million. The effective cost of money on all external short-term borrowings by Illinois Power will not exceed at the time of issuance the greater of (i) 300 basis points over the six-month London Interbank Offered Rate ("LIBOR"), or (ii) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Illinois Power represents that, except for securities issued for the purpose of funding Utility Money Pool operations (see below), it will not issue any short-term debt securities in reliance upon the authorization granted by the Commission in this proceeding, unless (i) the security to be issued, if rated, is rated investment grade; (ii) all outstanding securities of Illinois Power that are rated are rated investment grade; and (iii) all outstanding securities of Ameren that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated "investment grade" if it is rated investment grade by at least one "nationally recognized statistical rating organization," as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended. Illinois Power requests that the Commission reserve jurisdiction over the issuance of any short-term debt securities that are rated below investment grade.

Illinois Power requests authorization herein to become a party to the Utility Money Pool after the closing of the Transaction on the same basis as AmerenUE, AmerenCIPS and AmerenCILCO. Borrowings by Illinois Power under the Utility Money Pool must be approved by the ICC and therefore will be exempt pursuant to Rule 52(a)./6/ Ameren may also make direct short-term loans to Illinois Power (and in connection therewith acquire promissory notes of Illinois Power evidencing such loans) in order to fund Illinois Power's capital improvements and working capital requirements. Such intercompany loan transactions must also be approved by the ICC and therefore will be exempt under Rule 52(a)./7/

To the extent not exempt under Rule 52(a), Illinois Power requests authorization to enter into interest rate hedging transactions with respect to outstanding long-term and short-term indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage its effective interest rate cost. In addition, Illinois Power requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain limitations and restrictions. Illinois Power stat that each Interest Rate Hedge and Anticipatory Hedge will qualify for hedge accounting treatment under the current Financial Accounting Standards Board ("FASB") guidelines in effect and as determined at the time entered into. Further, Illinois Power will comply with the Statement of Financial Accounting Standards ("SFAS") 133 ("Accounting for Derivatives Instruments and Hedging Activities") and SFAS 138 ("Accounting for Certain Derivative Instruments and Certain Hedging Activities") or other standards relating to accounting for derivative transactions as are adopted and implemented by the FASB.

In connection with the issuance of long-term debt and preferred securities, Illinois Power requests authorization to acquire, directly or indirectly, the common stock or other equity securities of one or more entities (each a "Financing Subsidiary") formed exclusively for the purpose of facilitating the issuance of such long-term debt and/or preferred securities and for the loan or other transfer of the proceeds thereof to Illinois Power. In connection with any such financing transactions, Illinois Power may enter into one or more guarantees or other credit support agreements in favor of its Financing Subsidiary./8/ Illinois Power also requests authorization to enter into an expense agreement with any Financing Subsidiary, pursuant to which it would agree to pay all expenses of such Financing Subsidiary.

Illinois Power also requests authorization to issue to any Financing Subsidiary, at any time or from time to time in one or more series, unsecured debentures, unsecured promissory notes or other unsecured debt instruments

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6 See Ameren Corporation, et al., Holding Co. Act Release Nos. 27655 (Feb. 27, 2003) and 27721 (Sept. 15, 2003). Ameren is authorized to fund loans to AmerenUE, AmerenCIPS, AmerenCILCO and Ameren Services Company through the Utility Money Pool in order to provide for the short-term cash and working capital needs of these companies.

7 Ameren and Illinois Power have requested authorization from the ICC for Illinois Power to make borrowings under the Utility Money Pool and direct short-term borrowings from Ameren in an aggregate amount at any time outstanding not to exceed $500 million. In accordance with Rule 52(a), direct borrowings from Ameren will bear interest at a rate and have a maturity date designed to parallel the effective cost of capital and maturity date of a similar debt instrument issued by Ameren.

8 Guarantees or other credit support provided by Illinois Power with respect to securities issued by any Financing Subsidiary will be exempt under Rules 52(a) and 45(b)(7) if the conditions of such rules are satisfied.

(individually, a "Note" and, collectively, the "Notes") governed by an indenture or indentures or other documents, and the Financing Subsidiary will apply the proceeds of any external financing by such Financing Subsidiary plus the amount of any equity contribution made to it from time to time to purchase the Notes. The terms (e.g., interest rate, maturity, amortization, prepayment terms, default provisions, etc.) of any such Notes would generally be designed to parallel the terms of the securities issued by the Financing Subsidiary to which the Notes relate./9/

It is stated that the estimated fees, commissions and expenses paid or to be paid in connection with the proposed Transaction will not exceed $25 million.

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9 "Mirror image" Notes issued by Illinois Power to any Financing Subsidiary will be exempt under Rule 52(a) if the conditions of Rule 52(a) are satisfied.

EXHIBIT I

OUTSTANDING SENIOR SECURITIES OF ILLINOIS POWER AS OF DECEMBER 31, 2003

MORTGAGE BONDS	UNPAID PRINCIPAL ($ IN 000S)
6 3/4% series due 2005	$ 70,000
7.5% series due 2009	250,000
11 1/2% series due 2010	550,000
5.70% series due 2024 (Pollution Control Series U)	35,615
7.40% series due 2024 (Pollution Control Series V)	84,150
7 1/2% series due 2025	65,630
5.40% series due 2028 (Pollution Control Series S)	18,700
5.40% series due 2028 (Pollution Control Series T)	33,755
Adjustable rate series due 2032 (Pollution Control Series P)	70,000
Adjustable rate series due 2032 (Pollution Control Series Q)	45,000
Adjustable rate series due 2032 (Pollution Control Series R)	35,000
Adjustable rate series due 2028 (Pollution Control Series W)	111,770
Adjustable rate series due 2017 (Pollution Control Series X)	75,000
TOTAL MORTGAGE BONDS	$1,444,620

LONG-TERM DEBT OBLIGATIONS TO IPSPT WITH RESPECT TO TRANSITIONAL FUNDING TRUST NOTES	UNPAID PRINCIPAL ($ IN 000S)
5.38% due 2005	$105,900
5.54% due 2007	175,000
5.65% due 2008	139,000
TOTAL OBLIGATIONS WITH RESPECT TO TRANSITIONAL FUNDING NOTES	$419,900

CUMULATIVE PREFERRED STOCK, $50 PAR VALUE PER SHARE	NO. OF SHARES OUTSTANDING
4.08% series	225,510
4.26% series	104,280
4.70% series	145,170
4.42% series	102,190
4.20% series	143,760
7.75% series	191,765
TOTAL SHARES OUTSTANDING	912,675

EXHIBIT J

PERSONAL AND CONFIDENTIAL

February 2, 2004

Board of Directors
Ameren Corporation
1901 Chouteau Avenue
St. Louis, MO 63166-6149

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to Ameren Corporation (the "Company") of the Aggregate Purchase Price (as defined below) pursuant to the Stock Purchase Agreement, dated as of February 2, 2004 (the "Agreement"), by and among the Company, Illinova Corporation ("Illinova"), Illinova Generating Company and Dynegy Inc. ("Dynegy"), in connection with the purchase by the Company of all of the outstanding shares of common stock, without par value, of Illinois Power Company ("IPC"), 662,924 shares of preferred stock, par value $50 per share, of IPC, and 12,400 shares of common stock, par value $100 per share, of Electric Energy, Inc. ("EEI") (collectively, the "Shares"). The Agreement provides that the Company will pay to Illinova an amount equal to $2,300,000,000 minus the difference between the Target Fully Adjusted Working Capital (as defined in the Agreement) and the Target Adjusted Working Capital (as defined in Exhibit A to the Agreement) (the "Aggregate Purchase Price "). The amount of cash to be paid by the Company to Illinova at Closing (as defined in the Agreement) shall be reduced by (i) an amount equal to the Existing IPC Obligations (as defined in the Agreement) and
(ii) up to $100,000,000 pursuant to the Agreement and the Escrow Agreement (as defined in the Agreement) which will be payable by the Company to the Escrow Agent (as defined in the Agreement) pursuant to the Escrow Agreement. The Aggregate Purchase Price will be subject to adjustment following the Closing as provided in Sections 2.2(a), 2.2(c) and 2.3 of the Agreement, all of the foregoing as more fully described in the Agreement.

Goldman, Sachs & Co. and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions and for estate, corporate and other purposes. We have acted as financial advisor to the Company in connection with, and have participated in certain of the

negotiations leading to, the transaction contemplated by the Agreement (the "Transaction"). We expect to receive fees for our services in connection with the Transaction, the principal portion of which fees are contingent upon the consummation of the Transaction, and the Company has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

In addition, we have provided certain investment banking services to the Company from time to time, including having acted as joint lead manager in connection with the offering of $150,000,000 aggregate principal amount of Medium Term Floating Rate Notes due December 12, 2003 of the Company in December 2001; having acted as lead manager in connection with the public offering of $100,000,000 aggregate principal amount of 5.70% Medium Term Notes due February 1, 2007 of the Company in January 2002; having acted as lead manager in connection with the public offering of 5,000,000 shares of common stock, par value $0.01 per share ("Company Common Stock"), of the Company in February 2002; having acted as lead manager in connection with the public offering of 12,000,000 Adjustable Convertible Equity Units, par value $9.750 per unit, of the Company in February 2002; having acted as lead manager in connection with the public offering of 7,000,000 shares of Company Common Stock in September 2002 and 5,500,000 shares of Company Common Stock in January 2003; having acted as financial advisor to the Company in connection with its acquisition of Cilcorp Inc. in January 2003; having acted as co-manager in connection with the public offering of $184,000,000 aggregate principal amount of 5.50% Senior Secured Notes due March 15, 2034 of the Company in March 2003; having acted as co-manager in connection with the public offering of $200,000,000 aggregate principal amount of 5.10% Notes due August 1, 2018 of the Company in July 2003; and having acted as lead manager in connection with the public offering of $200,000,000 aggregate principal amount of 4.65% Notes due October 1, 2013 of the Company in October 2003. We also have provided certain investment banking services from time to time to ChevronTexaco Corp, which currently owns approximately 26% of the outstanding common stock of Dynegy. We also may provide investment banking services to the Company, Dynegy and their respective affiliates in the future and expect to act as lead manager in connection with the public offering of a portion of the shares of Company Common Stock expected to be issued in connection with the Transaction. Goldman, Sachs & Co. is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman, Sachs & Co. and its affiliates may actively trade the debt and equity securities of the Company, Dynegy and their respective affiliates (or related derivative securities) for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

In connection with this opinion, we have reviewed, among other things, the Agreement; the form of Escrow Agreement to be executed by Illinova, the Company and the Escrow Agent; annual reports to stockholders and Annual Reports on Form

10-K of the Company and Dynegy for the five fiscal years ended December 31, 2002; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company and Dynegy; annual reports and Annual Reports on Form 10-K of IPC for the five fiscal years ended December 31, 2002; certain interim reports and Quarterly Reports on Form 10-Q of IPC; certain other public communications from the Company, IPC and Dynegy; unaudited income statements and cash flow statements of EEI for the three fiscal years ended December 31, 2003; unaudited balance sheets of EEI as of December 31, 2001, 2002 and 2003; certain valuation materials and forecasts with respect to EEI (the "Navigant Analyses") prepared for the Company by Navigant Consulting, Inc. ("Navigant"); certain internal financial analyses and forecasts for IPC prepared by its management; certain internal financial analyses and forecasts for the Company prepared by its management (the "Company Forecasts"); certain financial analyses and forecasts for IPC prepared by the management of the Company (the "IPC Forecasts"); certain financial analyses and forecasts for EEI prepared by Navigant and approved and adopted by the Company (the "EEI Forecasts", together with the Company Forecasts and the IPC Forecasts, the "Forecasts"); and certain cost savings, operating synergies and changes to the Company's capital structure resulting from the issuance of shares of Company Common Stock projected by the management of the Company to result from the Transaction (the "Synergies and Pro Forma Adjustments"). We also have held (i) discussions with members of the senior management of the Company regarding their assessment of the strategic rationale for, and the potential benefits of, the Transaction and the past and current business operations, financial condition and future prospects of the Company and
(ii) discussions with members of the senior managements of the Company, Dynegy and IPC regarding the past and current business operations, financial condition and future prospects of IPC and EEI. In addition, we have compared certain financial and stock market information for the Company and certain financial information for IPC and EEI with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the utility and power generation industries specifically and in other industries generally and performed such other studies and analyses as we considered appropriate.

We have relied upon the accuracy and completeness of all of the financial, accounting, tax and other information discussed with or reviewed by us and have assumed such accuracy and completeness for purposes of rendering this opinion. In that regard, we have assumed with your consent that the Forecasts and the Synergies and Pro Forma Adjustments have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities (including any derivative or off-balance-sheet assets and liabilities) of the Company, IPC or EEI, or any of their respective subsidiaries and, other than the Navigant Analyses, we have not been furnished with any such evaluation or appraisal. We also have assumed that all governmental, regulatory

or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company, IPC or EEI or on the expected benefits of the Transaction in any way material to our analysis. Our opinion does not address the underlying business decision of the Company to engage in the Transaction. We express no view regarding any indemnification provisions contained in the Agreement or the terms of the Escrow Agreement or the terms related thereto contained in the Agreement. We have also assumed with your consent that the Company will receive the benefits in the amounts indicated by the Company to us of the parties to the Agreement making an election under Section 338(h)(10) of the United States Internal Revenue Code of 1986, as amended, with respect to the Transaction. Our advisory services and the opinion expressed herein are provided solely for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction.

Based upon and subject to the foregoing and based upon such other matters as we consider relevant, it is our opinion that, as of the date hereof, the Aggregate Purchase Price pursuant to the Agreement is fair from a financial point of view to the Company.

Very truly yours,

/s/ GOLDMAN, SACHS & CO.

(GOLDMAN, SACHS & CO.)

EXHIBIT K

IP INTERCONNECT POINT		OTHER COMPANY		ILLINOIS POWER		GOVERNING AGREEMENT / TARIFF
NAME	DESCRIPTION	TRANS-MISSION VOLTAGE (KV)	DISTRI-BUTION VOLTAGE (KV)	TRANS-MISSION VOLTAGE (KV)	DISTRI-BUTION VOLTAGE (KV)	
AMEREN - ADM						
ADM North B018 (Line ADM-3439)	Interconnection point on the switchyard side termination point of circuit switcher B018 at the ADM North Substation	138		138		IP Open Access Transmission Tariff
ADM North B028 (Line ADM-3446)	Interconnection point on the switchyard side termination point of circuit switcher B028 at the ADM North Substation	138		138		IP Open Access Transmission Tariff
ADM North B038 (Line ADM-3445 & 3449)	Interconnection point on the switchyard side termination point of circuit switcher B038 at the ADM North Substation	138		138		IP Open Access Transmission Tariff
ADM North C345 (Capacitor Bank)	Interconnection point on the North 34.5 kV bus side termination point of C345 at the ADM North Substation		34.5		34.5	IP Open Access Transmission Tariff
ADM North C346 (Capacitor Bank)	Interconnection point on the North 34.5 kV bus side termination point of C346 at the ADM North Substation		34.5		34.5	IP Open Access Transmission Tariff
ADM North C347 (Capacitor Bank)	Interconnection point on the North 34.5 kV bus side termination point of C347 at the ADM North Substationx		34.5		34.5	IP Open Access Transmission Tariff
ADM Fairies Parkway B018 (Line ADM-3120)	Interconnection point on the West termination point of disconnect switch B018 at the Faries Parkway Substation	138		138		IP Open Access Transmission Tariff
ADM Fairies Parkway B028 (line ADM-3220)	Interconnection point on the West termination point of disconnect switch B028 at the Faries Parkway Substation	138		138		IP Open Access Transmission Tariff
ADM Fairies Parkway C345 (Capacitor Bank)	Interconnection point on the West termination point of disconnect switch C345 at the Faries Parkway Substation		34.5		34.5	IP Open Access Transmission Tariff

ADM Fairies Parkway C346 (Capacitor Bank)	Interconnection point on the West termination point of disconnect switch C346 at the Faries Parkway Substation	34.5	34.5	IP Open Access Transmission Tariff
AMEREN - CIPS				
Coffeen 345 (Line 4551)	CIPS-IP Connection 1; where the IP 345 kV line from UE Roxford Substation connects to the structure at the CIPS Coffeen Power Station	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Pana (Line 1462 & 1466)	CIPS-IP Connection 2; where the IP 138 kV Decatur-Pana Line 1462 and Pana-Midway Line 1466 connect to the structure at CIPS North Pana Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Mt. Vernon	CIPS-IP Connection 3; where the CIPS 138 kV Pana-Mt. Vernon and Mt. Vernon-W. Frankfort lines connect to the structure at the IP West Mt. Vernon Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Gibson City (Line 1582)	CIPS-IP Connection 4; where the IP 138 kV Bloomington to Gibson City line connects to structure at the CIPS Gibson City Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Vermilion	CIPS-IP Connection 5; where the CIPS 138 kV Paxton-Vermilion line connects to the IP structure at Vermilion Power Station	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Grand Tower (Line 1476)	CIPS-IP Connection 6; where the CIPS 138 kV line connects to the IP structure #121 in the IP Steeleville-Grand Tower 138 kV Line 1476	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
West Frankfort (Line 1526)	CIPS-IP Connection 7; where the IP 138 kV Ashley line connects to the structure at CIPS West Frankfort Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Havana	CIPS-IP Connection 8; where the CIPS 138 kV Ipava-Havana line connects to the west approach tower of the IP Illinois River Crossing near Havana Power Station	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Canton (Line 1362A)	CIPS-IP Connection 9; where CIPS' 138 kV line from Canton connects to IP's 138 kV Havana-Monmouth Boulevard line at Structure No. 171	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Concord (Line 6655)	CIPS-IP Connection 10; where the IP 69 kV Concord Line 6655 connects to the first pole on the Meredosia side of Switch No. 644 in the CIPS 69 kV Meredosia-Roodhouse line, approximately one mile southwest of Chapin, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
North Jacksonville (used as Reserve/ Emergency point only)	Appendix "I"; where the IP 69 kV Line 6653 connects to the CIPS North Jacksonville Substation	69	69	CIPS and IP Reserve and Emergency Interchange Agreement
Savoy	CIPS-IP Connection 12; where IP 69 kV Line connects to CIPS substation structure at Savoy	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Eldorado (Lines 6643 & 6646)	CIPS-IP Connection 13; where the IP 69 kV Line 6643 connects to the CIPS 69 kV Muddy-K.U. north line; also where the IP 69 kV Line 6646 connects to the CIPS Muddy-Norris City 69 kV Line	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Ridgway	CIPS-IP Connection 14; where the CIPS 69 kV Muddy-KU south line connects to the IP Ridgway Substation structure	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Enfield (used as Reserve/Emergency point only)	Appendix "G" where the CIPS 12 kV line connects to pole #1 of IP 12.5 kV Enfield line approximately 4 miles west of Carmi, Illinois	12	12	-CIPS and IP Reserve and Emergency Interchange Agreement
Brownsville (used as Reserve/Emergency point only)	Appendix "H"; where the IP 12.5 kV Brownsville circuit connects to CIPS 12.5 kV North Norris city line approximately 11/2miles north of the North Norris City Substation.	12	12	-CIPS and IP Reserve and Emergency Iterchange Agreement
Roseville (Line 6630)	CIPS-IP Connection 17; where the 69 kV Line 6630 connects to CIPS substation at Roseville, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Blandinsville	CIPS-IP Connection 18; where CIPS 69 kV line connects to the IP Blandinsville substation	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Sidney	CIPS-IP Connection 19; where CIPS 138 kV lines from Paxton and Murdock connect to the structure at the IP Sidney Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Coffeen 138 kV (Terminated)	CIPS-IP Connection 20; (terminated)-			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Mason City (Line 1346)	CIPS-IP Interconnection 21; where the CIPS 138 kV West Mason City Substation connects to the IP 138 kV Havana-Decatur Line 1346	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Shawneetown (Line 6652)	CIPS-IP Connection 22; where the IP 69 kV Line 6652 connects to the CIPS 69 kV Muddy-KU south line at Structure No. 610 approximately 4 miles north of Shawneetown, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Coffeen 69 kV	CIPS-IP Connection 23; where the 69 kV line terminates on CIPS' pole located 820' south of the northeast corner of the NW 1/4 of Section 14, T7N, R3W of the 3rd P.M., Montgomery County, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Blue Mound (Line 1322)	CIPS-IP Connection 24; where CIPS 138 kV Explorer Pipeline Substation line connects to IP Decatur-Pana Line 1462 at structure 171 approximately 4.0 miles west of Macon, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Bluff City (Line 1322)	CIPS-IP Connection 25; where the CIPS 138 kV line from East Ramsey to West Kinmundy connects to the IP tapping structure, located between CIPS' structures 299 and 300, adjacent to IP's Bluff City Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Mt. Vernon 42nd St.	CIPS-IP Connection 26; where the CIPS 138 kV line from West Mt. Vernon to West Frankfort connects to the IP tapping structure, located between CIPS' structures 759 and 760, approximately one mile from IP's Mt. Vernon 42nd Street Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
West Salem (Line 1322)	CIPS-IP Connection 27; where the IP 138/69 kV West Salem Substation, located between CIPS' structures 537 and 538 connect to the CIPS 138 kV line from West Mt. Vernon to West Kinmundy near Salem, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

South Havana (Line 1406)	CIPS-IP Connection 28; the point, approximately 1.75 miles from IP's Havana Station, where IP's 138 kV Line # 1406 connects to the CIPS tapping structure near IP's Structure #14	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
North Moweaqua (Line 1462)	CIPS-IP Connection 29; where the CIPS 138 kV North Moweaqua Substation line connects to the IP 138 kV Pana - Decatur Line #1462 at structure #203 approximately 3.75 miles northwest of Moweaqua	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
North Jacksonville 138 kV	CIPS-IP Connection 30; where the CIPS 138 kV line from Meredosia to Pawnee connects to the IP tapping structure, located between CIPS' structure -669 and 670, approximately 2.6 miles west of CIPS' North Jacksonville Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
South Mt. Vernon	CIPS-IP Connection 31; where the IP 138 kV Waltonville Shell Substation line connects to the CIPS 138 kV West Mt. Vernon - West Frankfort line at structure #776 approximately 2.6 miles southwest of IP's Mt. Vernon 42nd Street Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
South Concord 138 KV	CIPS-IP Connection 32; where the CIPS 138 kV line from Meredosia to Pawnee connects to the IP tapping structure, located just south of Concord between CIPS' structures 722 and 724, approximately 8.1 miles west of CIPS' North Jacksonville Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

South Jacksonville (used as Reserve/ Emergency point only)	Appendix "J";; where the CIPS 69 kV South Woodson line connects to IP 69 kV Line 6654 at pole 67 south of Jacksonville	69	69	-CIPS and IP Reserve and Emergency Interchange Agreement
West Mt. Vernon 345 KV (Line 4591)	CIPS-IP Connection 34; where the CIPS 345 kV line from Newton connects with the IP 345 kV line from West Mt. Vernon at IP Structure #239, approximately 3.0 miles northeast of Xenia, Illinois	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Humrick (Line 6611)	CIPS-IP Connection 35; where the IP 69 kV Humrick-Amoco Substation Line 6611 connects to the CIPS 69 kV Hoopeston-Paris line at Structure No. 1191, approximately 2.0 miles east of Ridgefarm, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
East West Frankfort (Line 4561)	CIPS-IP Connection 36; where the IP portion of the 345 kV Shawnee (TVA) to Mt. Vernon (IP) line connects to the CIPS substation structure, located between IP line structures 344 and 345	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Blue Mound	CIPS-IP Connection 37; where the IP 138 kV Mt. Auburn Shell Oil Substation line, connects to the CIPS 138 kV Explorer Pipeline Substation line, approximately three -miles northwest of Blue Mound, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
157 and 64 N, Mt. Vernon	CIPS-IP Connection 38; the point in the CIPS 138 kV line between IP's West Mt. Vernon and Mt. Vernon 42nd Street Substation where IP connects to the CIPS 138 kV tap structure	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Sidney - West Kansas 345 KV (Line 4525)	CIPS-IP Connection 39; where the IP 345 kV line (Line 4525) from IP's Sidney Substation connects to CIPS 345 kV switch No. 3531 at CIPS' West Kansas Substation	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
North Coffeen (Line 1626)	CIPS-IP Connection 40; where the IP 138 kV Midway-North Coffeen transmission line connects to the 138 kV terminal structure at the CIPS North Coffeen Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Nason Point	CIPS-IP Connection 41; the point (CIPS structure No. 838) where the IP 138 kV line to Nason Point Substation taps into the CIPS 138 kV line between West Frankfort and West Mt. Vernon	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Rising	CIPS-IP Connection 42; where the CIPS 138 kV line from CIPS' Rantoul Substation connects to the 138 kV line terminal structure in IP's Rising Substation	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Ina	CIPS-IP Connection 43; the point where CIPS 138 kV Ina Substation (Mt.Vernon, West line terminal) connects to the CIPS 138 kV West Frankfort-Mt.Vernon, West line	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Wood River	IP-UE Connection 1; where UE's 34.5 kV Wood River-Federal No. 4 circuit from its Federal Substation connects to the structure at the IP Wood River Power Station in Wood River, Illinois	34.5	34.5	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Venice 69 (Line 6631 & 6632)	IP-UE Connection 2; where the two IP 69 kV lines from IP's Granite City Steel Substation connect to the structure at the UE Venice Power Station in Venice, Illinois	69	69	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Venice 34 (Line 3391 & 3392)	IP-UE Connection 3; where the two IP 34.5/13.8 kV transformers connect to the 13.8 kV cables at the UE Venice Power Station in Venice, Illinois -	12	34.5	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Fairview (TERMINATED)	IP-UE Connection 4: (terminated)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Cahokia 138 (Line 1492)	IP-UE Connection 5; where the IP 138 kV line from the Belleville Turkey Hill Substation connects to the structure at the UE Cahokia Substation in Sauget, Illinois			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

West Frankfort (TERMINATED)	IP-UE Connection 6; (terminated)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Roxford 1502 (Line 1502)	IP-UE Connection 7; where the IP 138 kV line 1502 from Wood River Power Station connects to the structure at the UE Roxford Substation in Hartford, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Roxford 1506 (Line 1506)	IP-UE Connection 8; where the IP 138 kV line -1506 from Wood River Power Station connects to the structure at the UE Roxford Substation in Hartford, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Laclede Steel (Lines 1456 & 1436)	IP-UE Connection 9; points where the UE 138 kV lines from its Laclede Steel Substation tap the IP 138 kV lines 1436 and 1456 from the Wood River Power Station on the UE tapping structure near Wood River, Illinois (Also provides for emergency supply to UE	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Venice 138 (Line 1452)	IP-UE Connection 10; where the IP 138 kV line from its Madison Industrial Substation in Madison, Illinois connects to the structure at the UE Venice Power Station in Venice, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Roxford 4551	IP-UE Connection 11: where the IP 345 kV line from the CIPS Coffeen Power Station connects to the structure at the UE Roxford Substation in Hartford, Illinois.-	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
St. Johns	IP-UE Connection 12; where the IP line from its St. Johns Substation connects to the tapping structure of the UE 230 kV line from Cahokia to West Frankfort near St. Johns, Illinois	230	230	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

North Coulterville	IP-UE Connection 13; where the IP line from its North Coulterville Substation connects to the tapping structure of the UE 230 kV line from Cahokia to West Frankfort near Coulterville, Illinois	230	230	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Cahokia 345 (Line 4511)	IP-UE Connection 14; where the IP 345 kV line 4511 from the Baldwin Power Station connects to the UE Cahokia Substation structure in Sauget, Illinois	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Dupo Ferry Road Sub.	IP-UE Connection 15; where the lines from IP's Dupo Ferry Road Substation connect to the tapping towers 49A and 50A, in UE's 138 kV Cahokia-Dupo Ferry and Dupo-Ferry-Buck Knob lines, respectively, near Dupo, Illinois	138	138	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Roxford 4531 (Line 4531)	IP-UE Connection 16; where IP's 345 kV Line No 4531 from its Stallings Substation connects to the structure at UE's Roxford Substation in Hartford, Illinois	345	345	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Frey (TERMINATED)	IP-UE Connection 17; (terminated)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Black Lane	IP-UE Connection 18; where UE's 4160 volt line connects to a feeder position in IP's Exermont-Bernice Substation at Bernice and Cole Streets near the Fairmont Jockey Club, near Collinsville, Illinois	4	4	Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Piasa (emergency tie only)	(Not numbered)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)

Cahokia - Line 2303	(I think this is IP-UE Connection 13)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
East Lanesville				Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
East West Frankfort S. Line 4565	(I think this is CIPS-IP Connection 36)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Ina - Line 1336	(I think this CIPS - IP Connection 26)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
IPK 1696				Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Jacksonville Industrial Park - Line 1612	I think this is CIPS-IP Connection 32)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
Pinckneyville 1	(This is not a connection with IP)			-
Pinckneyville 2	(This is not a connection with IP)			-
Roxford - Line 4581	(This is IP-UE Connection 16; there has been a number change from 4531 to 4581)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
West Frankfort - Line 2303	(I think this is the IP-UE Connection 6)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
West Kansas - Line 4525	(I think this CIPS-IP Connection 39)			Union Electric and CIPS (Ill-Mo Pool Interconnection Agreement)
(See separate tab for accounting for IP-UE Borderline Agreement)		x	x	IP-UE Borderline Agreement
AMEREN - CILCO				
Bement (Line IP--3416)	Connection 5; where CIL's Bement Substation connects to IP's Decatur Monticello 34.5 kV circuit no. 3416, approximately 6.9 miles south of IP's Monticello Substation	34.5	34.5	Central Illinois Light Company
Elkhart -(Springfield) -(Line 1422)	CIL-IP Connection 3; where the CIL 138 kV circuit from its East Springfield Substation connects to the IP 138 kV Elkhart Switching Station	138	138	Central Illinois Light Company

Hallock (Line 1512)	CIL-IP Connection 2; where the IP 138 kV line 1512 connects to the CIL -tap structure northeast of Chillicothe, Illinois	138	138	Central Illinois Light Company
Homer (Line 6608)	CIL-IP Connection 6; where conductors from CIL's Homer-Fairmont 69 kV line connect to IP's Vermilion-North Champaign 69 kV Circuit No. 6608, approximately 8.6 miles southwest of IP's Vermilion Substation	69	69	Central Illinois Light Company
Lincoln (Line 1346)	CIL-IP Connection 4; where the IP 138 kV Havana-Decatur line 1346 connects to the CIL 138 kV tap structure southwest of Lincoln, Illinois	138	138	Central Illinois Light Company
South Bement (Line 3416) (Hammond)	CIL-IP Connection 7; where CIL's 34.5 kV circuit to the Hammond Substation connects to IP's Decatur-Monticello 34.5 kV Circuit No. 3416, approximately 2 miles south of CIL's Bement Substation	34.5	34.5	Central Illinois Light Company
Spring Bay (Line 1512)	CIL-IP Connection 1; where the CIL 138 kV East Peoria line connects to structure 293 in the IP 138 kV line 1512 near Spring Bay, Illinois	138	138	Central Illinois Light Company
St. Joseph (Line 6608) (Glover)	CIL-IP Connection 8; where conductors from CIL's Glover Substation connect to IP's Vermilion-North Champaign 69 kV Circuit No. 6608, approximately 11.8 miles east of IP's North Champaign Substation. Connects Glover, Homer and St. Joseph from this point.	69	69	Central Illinois Light Company